

CONSENT ORDER NO. E09-70

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Horizon Healthcare Services, Inc.,)	CONSENT ORDER
Reference No. 7655069 and Horizon)	PERTAINING TO
Healthcare of New Jersey, Inc.)	ENFORCEMENT
Reference No. 7695529)	NOTICE E09-51

TO: Horizon Healthcare Services, Inc.
Horizon Healthcare of New Jersey, Inc.
Three Penn Plaza East PP-15D
Newark, NJ 07105-2248

This matter having been opened by the Commissioner of Banking and Insurance, State of New Jersey ("Commissioner"), upon information that Horizon Healthcare Services, Inc., ("Horizon") a health service corporation authorized to transact business in the State of New Jersey pursuant to N.J.S.A. 17:48E-1 et seq., and Horizon Healthcare of New Jersey, Inc. ("Horizon HMO"), a health maintenance organization authorized to transact business in the State of New Jersey pursuant to N.J.S.A. 26:2J-1 et seq., are required to take remedial action regarding reimbursement to certain terminated providers who treat new patients; and

WHEREAS on September 14, 2009, the Department of Banking and Insurance ("Department") issued Enforcement Notice 09-51 (the "Enforcement Notice"), calling for Horizon to cease and desist its practice of reimbursing claims submitted by terminated providers for services rendered to patients first seen after termination pursuant to the fee schedule in the terminated contract, and to instead reimburse claims based on applicable out-of-network allowances consistent with Department rules and regulations, including but not limited to the Health Care Quality Act, N.J.S.A. 26:2S-1 et seq., and to remediate claims otherwise reimbursed by, among other things, reimbursing affected providers the difference, if any, between the out-of-network benefit amount and the amount paid as in-network reimbursement, retroactive to January 1, 2005, together with interest at 12%, and revising all provider manuals and broker bulletins; and

WHEREAS, although the Enforcement Notice was directed against Horizon only, Horizon and Horizon HMO engaged in subsequent meetings and discussions with the Department regarding prospective modification of the reimbursement practices for both regulated entities; and

WHEREAS, Horizon having acknowledged the activity giving rise to the Enforcement Notice and Horizon and Horizon HMO having acknowledged their responsibility to comply with all New Jersey insurance laws and regulations, and to reimburse claims in accordance with applicable statutory, regulatory and contractual provisions, without admitting or denying that the reimbursement practice constituted a violation of law, regulation or contract; and

IT APPEARING that the issues set forth in Enforcement Notice E09-51 affecting Horizon, and in addition, issues affecting the reimbursement of terminated provider claims by Horizon HMO should be resolved upon the consent of the parties to these proceedings without resort to formal administrative charges or hearings, and further good cause appearing;

NOW, THEREFORE, IT IS on this 27th day of October, 2009:

ORDERED AND AGREED that on or before May 1, 2010, Horizon and Horizon HMO shall remediate its reimbursement of claims of terminated providers for services rendered to patients first seen after termination, by reimbursing the affected providers the difference, if any, between the out-of-network benefit amount and the amount paid as in-network reimbursement, retroactive to claims for providers terminated on and after January 1, 2009, together with interest at 12%; and

IT IS FURTHER ORDERED AND AGREED that Horizon and Horizon HMO shall submit a specimen copy of any letter which will accompany remediation payments to Lee Barry, Assistant Commissioner, for prior approval; and

IT IS FURTHER ORDERED AND AGREED that on or before February 1, 2010, Horizon and Horizon HMO shall implement system changes necessary to reimburse terminated providers for services rendered to patients first seen after termination by reimbursing based on the applicable out-of-network benefit; and

IT IS FURTHER ORDERED AND AGREED that on or before January 1, 2010, Horizon and Horizon HMO shall revise all electronic provider manuals and broker bulletins consistent with the provisions of this Consent Order; revise printed provider manuals as same are reprinted; and provide notice of revision to its policy to all providers in its January 2010 provider newsletter; and

IT IS FURTHER ORDERED AND AGREED that on or before July 1, 2010, Horizon and Horizon HMO shall submit a report to the attention of Lee Barry, Assistant Commissioner, detailing all remediation efforts and providing supporting correspondence, documentation, payment calculations and proof of payment; the report shall also detail all payments and interest that Horizon and Horizon HMO were unable as a practical matter to make and which accordingly will be disgorged to the State; and

IT IS FURTHER ORDERED AND AGREED that Horizon and Horizon HMO cease and desist engaging in conduct inconsistent with this Order.



Neil N. Jasey
Commissioner

Consented to as to
Form and Content



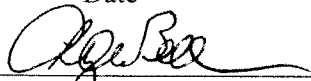
Horizon Healthcare Services, Inc.

Christy W. Bell

Senior Vice President

10/27/2009

Date



Horizon Healthcare of New Jersey, Inc.

Christy W. Bell

President and CEO

10/27/2009

Date

