INSURANCE
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE

Health Benefit Plans
Health Insurance Identification Cards

Proposed New Rules: N.J.A.C. 11:22-8

Authorized By: Steven M. Goldman, Commissioner, Department of Banking and Insurance.

Authority: N.J.S.A. 17:1-8.1, 17:1-15(e), 17B:27B-25 and 17B:30-56.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2008-382.

Submit comments by January 16, 2009 to:

Robert Melillo, Chief
Legislative & Regulatory Affairs
20 West State Street
PO Box 325
Trenton, NJ 08625-0325
FAX: 609-292-0896
Email: legsregs@dobi.state.nj.us

The agency proposal follows:

Summary

It has come to the attention of the Department of Banking and Insurance (Department) that some health carriers authorized to issue health benefit plans in this State may not be issuing health insurance identification cards (ID cards) that contain essential information required by health care providers to properly bill and/or receive payment for services and supplies covered by the plans provided to their patients. For example, some carriers' ID cards may not indicate whether a patient's health benefit plan is self-insured or insured. Providers need to know this information because only disputed claims made under an insured health benefit plan are able to be appealed through the plan's internal appeal and independent arbitration mechanisms established pursuant to the Health Claims Authorization, Processing and Payment Act (HCAPPA), P.L. 2005, c. 352. Another example is that some carriers will deny a primary care physician (PCP) claim if the covered person either has not selected a PCP or has selected a different PCP from the one on record with and recognized by the carrier. The PCP submitting

a claim is unaware of whether he is actually the patient's PCP unless that information is included on the ID card. Finally, unless information is contained on a patient's ID card about the existence of a pre-existing condition exclusion, a provider submitting a claim is unaware of whether such an exclusion exists and that he or she may not receive payment from the carrier. The purpose of these new rules is to address these issues by requiring that all carriers and third party administrators issue ID cards, by establishing standards and criteria regarding the information contained on those cards and by requiring carriers and third party administrators to re-issue ID cards that conform with the new rules to replace existing non-conforming cards on plan renewal.

Proposed N.J.A.C. 11:22-8.1 contains the purpose and scope of the new rules.

Proposed N.J.A.C. 11:22-8.2 contains definitions of terms used throughout the subchapter.

Proposed N.J.A.C. 11:22-8.3 requires carriers and third party administrators to issue, or cause to be issued, ID cards to the primary insured under a health benefit plan and to include on the ID cards the information set forth in this proposed section. This section also requires that the information on the card be readily identifiable or embedded on the card and available through magnetic stripe or smart card. This section also permits the information to be provided through other electronic technology.

Proposed N.J.A.C. 11:22-8.4 sets forth the time limits within which carriers must issue ID cards.

Proposed N.J.A.C. 11:22-8.5 requires all carriers or third party administrators issuing ID cards pursuant to this subchapter to make an informational filing of the form of the card with the Department, and it sets forth the required contents of the filing and the address to which the filing shall be submitted.

Proposed N.J.A.C. 11:22-8.7 establishes January 1, 2010 as the operative date of the new rules.

As the Department has provided a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The purpose of the proposed new rules is to assist providers in more readily obtaining information concerning their patients' coverage under a health benefit plan. Accordingly, providers will be positively impacted by the adoption of these rules. Carriers and/or third party administrators will be

required to produce the cards. Nevertheless, the Department believes that the overall social impact of the rules will be positive.

Economic Impact

As mentioned in the Social Impact above, the purpose of the proposed new rules is to assist providers in obtaining their patients' health coverage information. As a result, the Department is confident that providers will experience a favorable economic impact because they will have the information they need to more efficiently navigate the claims submission and payment process on behalf of their patients.

Carriers and/or third party administrators will bear the expense of producing the ID cards. Nevertheless, the Department notes that many carriers subject to these rules currently issue plastic ID cards. Therefore, the main effect of these rules is to require uniform, specified information to be included on the cards that are presently being issued. If there is no change in the information to be included on the card, carriers are not required to reissue cards with any particular frequency. Further, the rules do not impose any specialized requirements (such as for font). The Department anticipates that the cost savings realized through the increased efficiency with which providers' claims will be processed due to the additional and uniform information being included on the ID cards will exceed the costs of including the new data on the cards.

Federal Standards Statement

A Federal standards analysis is not required because the Department's proposed new rules are not subject to any Federal standards or requirements.

Jobs Impact

The Department does not anticipate that the proposed new rules will result in any significant generation or loss of jobs.

Agriculture Industry Impact

Pursuant to N.J.S.A. 4:1C-10.3, the Right to Farm Act, and N.J.S.A. 52:14B-4(a)(2) of the Administrative Procedure Act, the Department does not expect any agriculture industry impact from the proposed new rules.

Regulatory Flexibility Analysis

Some of the entities that would be affected by these new rules may be small businesses as defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. Providers are favorably impacted and will not be subject to any new reporting, recordkeeping or compliance requirements. Carriers and third party administrators are required to produce ID cards containing the required information. The costs of compliance are discussed above in the Economic Impact. Nevertheless, the standards set forth in these new rules must be applied consistently to all carriers offering health benefit plans in this State. To increase the efficiency of the health care delivery system and keep down costs, providers need the ID card information required by these rules. In order to realize these policy objectives, no distinction can be made between small businesses and other businesses that provide health benefits in this State. Because the majority of carriers are already issuing ID cards, there should be no need to hire any outside consultants or professional services to comply with these new rules.

Smart Growth Impact

The proposed new rules have no impact on the achievement of smart growth and implementation of the State Development and Redevelopment Plan.

Housing Affordability Impact

The proposed new rules have no impact on housing affordability. The proposed new rules affect health benefit plan identification cards.

Smart Growth Development Impact

The proposed new rules have no impact on smart growth development. The proposed new rules affect health benefits plan identification cards.

Full text of the proposed new rules follows:

SUBCHAPTER 8. HEALTH INSURANCE IDENTIFICATION CARDS

11:22-8.1 Purpose and scope

(a) The purpose of this subchapter is to establish standards and criteria regarding information contained on health insurance identification cards issued by carriers authorized to issue health benefit plans in this State.

(b) This subchapter shall apply to all insurance companies, health service corporations, hospital service corporations, medical service corporations and health maintenance organizations authorized to issue health benefit plans in this State and to all third party administrators licensed or registered in this State.

11:22-8.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Card," "health insurance identification card" or "identification card" means a card or other technology that functions like a card issued by a health benefit plan to a subscriber or member and containing information related to the member's identity and health benefits plan.

"Carrier" means an insurance company, health service corporation, hospital service corporation, medical service corporation or health maintenance organization authorized to issue health benefit plans in this State

"Department" means the Department of Banking and Insurance.

"Group number" means the health benefit plan group number for the insured.

"Health benefit plan" means a hospital and medical expense insurance policy; health service corporation contract; hospital service corporation contract; medical service corporation contract; health maintenance organization subscriber contract; or other plan for medical care delivered or issued for delivery in this State.

"Health benefit plan" shall not include one or more, or any combination of, the following: coverage only for accident, or disability income insurance, or any combination thereof; coverage issued as a supplement to liability insurance; liability insurance, including general liability insurance and automobile liability insurance; stop loss or excess risk insurance; workers' compensation or similar insurance; automobile medical payment insurance; credit-only insurance; coverage for on-site medical clinics; and other similar insurance coverage, as specified in Federal regulations, under which benefits for medical care are secondary or incidental to other insurance benefits. Health benefit plans shall not include the following benefits if they are provided under a separate policy, certificate or contract of insurance or are otherwise not an integral part of the plan: limited scope dental or vision benefits; benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; and such other similar, limited benefits as are specified in Federal regulations. "Health benefit plan" shall not include hospital confinement indemnity coverage if the benefits are provided under a separate policy, certificate or contract of insurance, there is no coordination between the provision of the benefits and any exclusion of benefits under any group health benefits plan maintained by the same plan sponsor, and those benefits are paid with respect to an event without regard to whether care or treatment was recommended or received as to that condition or as to a pregnancy existing on the effective date of coverage.

"Identification number" or "ID" means the identification number for the insured. This number shall be labeled "ID."

"Insured's name" means the name of the primary insured under the health benefit plan or, if a separate card is issued for another person included under the primary insured's coverage, the name of the covered person to whom the separate card is issued.

"Issuer name" means the name of the sponsor, carrier or administrator of the plan, which name may be abbreviated, or the name of a plan of benefits.

"Primary insured" means, in the case of group or individual coverage covering more than one person based on their relationship to an eligible person, such eligible person.

"Third party administrator" means a person or entity that processes and pays claims on behalf of a benefits payer without the assumption of financial risk for the payment of health or dental benefits and is licensed or registered pursuant to N.J.S.A. 17B:27B-1 et seq. and N.J.A.C. 11:23.

11:22-8.3 Requirement to issue identification cards

(a) Each carrier or third party administrator shall issue, or cause to be issued, an identification card to the primary insured covered by a health benefit plan. Additional cards may be issued to other persons included under the primary insured's coverage. The carrier or third party administrator may contract with an administrator, agent, contractor or other vendor to issue the cards; however, the carrier or other provider shall remain responsible for the proper issuance of the cards and for their compliance with this subchapter.

(b) The following information shall appear on all health benefit plan identification cards:

1. The name of the carrier issuing the health benefit plan or the name of the third party administrator administering the health benefit plan;

2. The name of the contract holder;

3. An indication of whether the plan is insured or self funded;

4. The insured's name;

5. The insured's identification number, the contract number and the policy or group number, if applicable;

6. The date upon which the insured's coverage became effective;

7. The beginning and ending dates of any pre-existing exclusion period;

8. The name of the primary care physician for each covered person where selection of a primary care physician is required;

9. A phone number or electronic address for authorization and admission certifications, if required; and

10. In-network cost sharing information, including amounts applicable to primary care physician visits, specialist visits, emergency room visits and hospital stays.

(c) The identification card must present the information in a readily identifiable manner, or the information may be embedded on the card and available through magnetic stripe or smart card. The information may also be provided through other electronic technology.

11:22-8.4 Time limits

(a) Beginning on the operative date of this subchapter, health insurance identification cards shall be provided according to the following schedule:

1. A carrier or third party administrator shall provide each primary insured a new identification card within 30 days of a health benefit plan becoming effective.

2. A card shall be issued to the primary insured within 30 days of the date that the primary insured initially becomes eligible for coverage under an existing health benefit plan (for example, new employee).

3. A new card shall be issued to the primary insured no later than 30 days after a change in any information required to be included on the card pursuant to N.J.A.C. 11:22-8.3.

4. Noncomplying cards shall be replaced with complying cards upon plan renewals.

11:22-8.5 Informational filing

(a) Every carrier or third party administrator issuing a card pursuant to this subchapter shall make an informational filing of the form of the card with the Department. The filing shall contain the form of the card with all required information specific to the fictitious insured. All variants of the form shall be identified.

(b) Informational filings shall be submitted to the Department at the following address:

New Jersey Department of Banking and Insurance

Attention: Life and Health Division

Health Benefit Card Filings

20 West State Street

PO Box 325

Trenton, NJ 08625-0325

11:22-8.6 Operative date

This subchapter shall become operative on January 1, 2010.

Inoregs/bbHealthCards