

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

New Jersey Workers' Compensation Managed Care Organizations

Readoption with Amendments: N.J.A.C. 11:6

Adopted Repeal and New Rule: N.J.A.C. 11:6-2.9

Proposed: June 20, 2016, at 48 N.J.R. 1049(a).

Adopted: November 7, 2016, by Richard J. Badolato, Commissioner, Department of Banking and Insurance.

Filed: November 7, 2016, as R.2016 d.167, **without change**.

Authority: N.J.S.A. 17:1-8, 17:1-8.1, 17:1-15.e, 34:15-15, and 34:15-88.

Effective Dates: November 7, 2016, Readoption;
December 5, 2016, Amendments, Repeal, and New Rule.

Expiration Date: November 7, 2023.

Summary of Public Comments and Agency Responses:

The Department of Banking and Insurance (Department) received timely written comments from Jean Publiee.

COMMENT: The commenter expresses concern that increased compensation benefits are paid to injured workers based on information that is not correct and is inflated. Specifically, the commenter believes that the workers' compensation benefit system should be changed because the annual increase in compensation benefits paid to injured workers is excessive. Additionally,

the commenter states that there should be more investigations into those individuals that file for workers' compensation benefits because there are "fakers," and the workers' compensation benefit system is "very much abused." The commenter alleges that some of the individuals filing a workers' compensation claim "pretend to get hurt to take vacations" and there is no follow-up regarding the excessive amounts paid in benefits to "fakers and liars." As such, the commenter states that the investigations are "too few and [non] existent" and more funding should be dedicated to identifying and investigating fraud by injured workers.

RESPONSE: The comments submitted appear to relate to the workers' compensation benefit system in general and do not relate to or address the provisions of this current readoption with amendments, repeal, and new rule, which provides for the regulation of New Jersey Workers' Compensation Managed Care Organizations (WCMCOs). The Department has no regulatory authority over the compensation benefits paid to injured workers. However, the Department agrees that insurance fraud is a serious issue and should be combated. As such, the Department requires that WCMCOs have a fraud detection plan. Through these plans, the WCMCOs are required to investigate and report suspected fraud on the part of, not only injured workers, but also medical providers and others. A WCMCO is also required to coordinate its fraud detection plan with the insurer to which it is providing services. Further, the Department, in consultation with insurers, investigates claims related to the filing of various types of fraudulent insurance claims, which includes the filing of fraudulent workers' compensation claims. Additionally, the New Jersey Office of the Insurance Fraud Prosecutor maintains an anonymous tip line wherein the public may report specific information about individuals or entities that may be committing insurance fraud. The tips submitted are also subsequently reviewed and investigated.

Federal Standards Statement

A Federal standards analysis is not required because the rules readopted with amendments and a new rule are not subject to any Federal requirements or standards.

Full text of the readopted rules can be found in the New Jersey Administrative Code at N.J.A.C. 11:6.

Full text of the adopted amendments and new rule follows:

TEXT