

SENATE, No. 1818

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator ANGELA V. MCKNIGHT

District 31 (Hudson)

SYNOPSIS

Establishes Medicaid Managed Care Organization Oversight Program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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1 AN ACT concerning Medicaid and NJ FamilyCare and
2 supplementing Title 30 of the Revised Statutes.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. The Legislature finds and declares that:

8 a. In 2011, the administration of health care benefits for a
9 majority of individuals who receive health care through the
10 Medicaid and NJ FamilyCare programs was shifted from the
11 Department of Human Services to managed care organizations
12 (MCOs) contracted with the Department of Human Services.

13 b. The Department of Human Services currently contracts with
14 five MCOs to provide quality health care and needed medical
15 services to individuals who are eligible for publicly subsidized
16 health insurance through the Medicaid and NJ FamilyCare
17 programs.

18 c. The contracts to provide this care include multiple
19 provisions to ensure that the care received is of high quality,
20 providers of care are accessible throughout the State, and the MCOs
21 are held accountable for meeting the terms of the contracts.

22 d. The Office of the State Auditor conducted an audit of the
23 Department of Human Services, Division of Medical Assistance and
24 Health Services, Medicaid Provider Networks for the period July 1,
25 2013 to May 31, 2016 and determined that the MCOs did not
26 provide adequate access to: general acute care hospital service
27 networks; dental providers; and accurate online provider directories.
28 Additionally, the MCOs were not adequately reporting providers'
29 claims inactivity to the department and had provider panel sizes
30 which exceeded the eligible limits.

31 e. The audit recommended that the department take certain
32 actions to ensure that the MCOs are meeting the contractual
33 obligations regarding access to care and network adequacy.

34 f. It is essential that the Legislature act to ensure that the
35 department takes action to provide oversight of the MCOs to
36 improve provision of care and network adequacy to Medicaid and
37 NJ FamilyCare enrollees.

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39 2. As used in this act:

40 "Beneficiary" means an individual who has been determined
41 eligible by the State for health benefits in the Medicaid program
42 pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.) or the NJ
43 FamilyCare program pursuant to P.L.2005, c.156 (C.30:4J-8 et al.).

44 "Health benefits plan" means a plan which pays or provides
45 hospital and medical expense benefits for covered services as
46 defined by the MCO contractor.

47 "MCO contractor" means an insurance company, health service
48 corporation, hospital service corporation, or health maintenance

1 organization authorized to issue health benefits plans in this State
2 which has entered into a contract with the Department of Human
3 Services to provide health benefits for eligible persons under the
4 Medicaid program pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.)
5 or the NJ FamilyCare program pursuant to P.L.2005, c.156
6 (C.30:4J-8 et al.).

7 “Provider” means an individual or entity which, acting within the
8 scope of its licensure or certification, provides a covered service
9 defined by the MCO contractor’s health benefits plan.

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11 3. The Division of Medical Assistance and Health Services in
12 the Department of Human Services shall establish a Medicaid
13 Managed Care Organization (MCO) Oversight Program to ensure
14 the availability of accessible, quality, health care for individuals
15 who are enrolled in the NJ FamilyCare and Medicaid programs.

16 The Medicaid MCO Oversight Program shall coordinate its
17 efforts with the Medicaid Fraud Division, established by the
18 “Medicaid Program Integrity and Protection Act,” P.L.2007, c.58
19 (C.30:4D-53 et seq.).

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21 4. a. Each MCO contractor shall submit updated provider data
22 and beneficiary data on a quarterly basis to the Medicaid MCO
23 Oversight Program in a format designated by the Medicaid MCO
24 Oversight Program. The format in which the data is submitted to the
25 Medicaid MCO Oversight Program shall be consistent for each
26 MCO contractor. The data submitted shall include updated contact
27 and location information for every provider and every beneficiary.

28 b. The Medicaid MCO Oversight Program shall share any
29 updated beneficiary information with county welfare offices, or any
30 other entity which is responsible for the enrollment or re-enrollment
31 of beneficiaries in the Medicaid or NJ FamilyCare program, to
32 ensure that these county welfare offices and other entities have the
33 most current beneficiary contact information.

34 c. The Medicaid MCO Oversight Program shall establish an
35 independent verification system to verify, on an annual basis, the
36 accuracy of the information provided to the program from the MCO
37 contractors, as follows:

38 (1) the Medicaid MCO Oversight Program shall verify, at a
39 minimum, that 20 percent of the provider contact and location
40 information provided pursuant to subsection a. of this section is
41 accurate; and

42 (2) the Medicaid MCO Oversight Program shall verify, at a
43 minimum, that 20 percent of the provider contact and location
44 information included in the MCOs’ online directories is accurate.

45 d. The Medicaid MCO Oversight Program shall require, on an
46 annual basis, the MCO contractors verify that 100 percent of the
47 providers listed in the MCOs’ public directories are eligible
48 Medicaid providers.

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1 e. The Medicaid MCO Oversight Program shall require, on an
2 annual basis, the MCO contractors to submit claims inactivity
3 reports for all providers that meet the claims inactivity criteria
4 established by the Medicaid MCO Oversight Program for that MCO
5 contractor. The Medicaid MCO Oversight program shall require
6 MCO contractors to establish inactivity criteria for each provider
7 specialty.

8 f. The Medicaid MCO Oversight Program shall require, on an
9 annual basis, the MCO contractors to verify that the participating
10 providers' panel sizes do not exceed criteria established by the
11 Medicaid MCO Oversight Program for that MCO contractor. The
12 Medicaid MCO Oversight Program shall require panel size criteria
13 for each provider specialty to include all patients of the provider,
14 notwithstanding the patient's health insurance carrier.

15
16 5. a. The Medicaid MCO Oversight Program shall subject an
17 MCO contractor who fails to submit information as required
18 pursuant to section 4 of P.L. c. (C.) (pending before the
19 Legislature as this bill) to a fine of no less than \$50,000 for each
20 failure to submit information. The commissioner shall promulgate a
21 schedule of penalties to be applied pursuant to this section.

22 b. If, after notice and a hearing pursuant to the "Administrative
23 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an MCO
24 contractor is found by the commissioner to have failed to pay the
25 fine pursuant to subsection a. of this section, the commissioner may
26 bar that MCO contractor from participating as an MCO contractor
27 for a period not to exceed five years.

28
29 6. a. The Medicaid MCO Oversight Program shall prepare an
30 annual report, which shall be submitted to the Legislature pursuant
31 to section 2 of P.L.1991, c.164 (C.52:14-19.1) no later than April 1
32 of each calendar year. The report shall contain the information
33 provided to the program by the MCO contractors pursuant to
34 section 4 of P.L. c. (C.) (pending before the Legislature as
35 this bill), and any fines imposed on, and fines collected from, the
36 MCO contractors pursuant to section 5 of P.L. c. (C.)
37 (pending before the Legislature as this bill).

38 b. Three years from the enactment of P.L. c. (C.)
39 (pending before the Legislature as this bill), the Office of State
40 Auditor shall conduct a follow-up audit on MCO provider networks.

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42 7. The Commissioner of Human Services, pursuant to the
43 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
44 1 et seq.), shall adopt rules and regulations as the commissioner
45 determines necessary to effectuate the purposes of this act.

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47 8. This act shall take effect 180 days after the date of
48 enactment, except the Commissioner of Human Services may take

1 any anticipatory administrative action in advance as shall be
2 necessary for the implementation of this act.

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STATEMENT

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7 This bill would require the Division of Medical Assistance and
8 Health Services in the Department of Human Services to establish a
9 Medicaid Managed Care Organization (MCO) Oversight Program to
10 ensure the availability of accessible health care for individuals who
11 are enrolled in the NJ FamilyCare and Medicaid programs.

12 The Office of the State Auditor conducted an audit of the
13 Department of Human Services, Division of Medical Assistance and
14 Health Services, Medicaid Provider Networks for the period July 1,
15 2013 to May 31, 2016. Information from the audit indicated that
16 managed care organizations (MCOs) which are contracted with the
17 State to provide health benefits to Medicaid and NJ FamilyCare
18 beneficiaries did not provide adequate access to: general acute care
19 hospital service networks; dental providers; and accurate online
20 provider directories. Additionally, the MCOs were not adequately
21 reporting claims inactivity for providers and had provider panel
22 sizes which exceeded the eligible limits. Furthermore, the audit
23 recommended that the department take certain actions to ensure that
24 the MCOs are meeting the contractual obligations regarding access
25 to quality care and provider availability.

26 This bill requires each MCO contractor to submit updated
27 provider data and beneficiary data on a quarterly basis to the
28 Medicaid MCO Oversight Program in a format designated by the
29 Medicaid MCO Oversight Program. The submitted data will allow
30 the Medicaid MCO Oversight Program to accurately determine if
31 the MCOs are providing adequate network adequacy to the enrolled
32 beneficiaries.

33 Additionally, the audit disclosed that the MCOs are collecting
34 updated beneficiary information but there is no currently
35 implemented mechanism to share this data with the department.
36 Without updated beneficiary information, the department is not able
37 to ensure network adequacy.

38 The updated beneficiary information collected by the MCOs
39 could also streamline the work of entities, such as county welfare
40 offices, which enroll individuals in Medicaid and NJ FamilyCare.
41 To ensure the sharing of information, this bill requires the Medicaid
42 MCO Oversight Program to share any updated beneficiary
43 information with county welfare offices, or any other entity which
44 is responsible for the enrollment or re-enrollment of beneficiaries in
45 the Medicaid or NJ FamilyCare program.

46 The audit also determined that the information in the MCOs' on-
47 line directories containing eligible providers, and these providers'
48 locations, was not always accurate. Therefore, this bill requires the

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1 Medicaid MCO Oversight Program to establish an independent
2 verification system to annually verify that at least 20 percent of the
3 information provided to the program from the MCO contractors is
4 accurate and that 100 percent of the providers listed are eligible
5 Medicaid providers.

6 The audit also revealed that there was a need for the MCOs to
7 identify inactive providers. To rectify this situation, the bill requires
8 the MCO contractors to submit claims inactivity reports for all
9 providers that meet the claims inactivity criteria established by the
10 Medicaid MCO Oversight Program for that MCO contractor.

11 Additionally, the audit disclosed that a small number of MCO
12 contractors were listing providers as “eligible” who had patient
13 panel sizes that exceeded acceptable numbers. This bill would
14 require MCO contractors to verify that all of the participating
15 providers’ panel sizes do not exceed criteria established by the
16 Medicaid MCO Oversight program for that MCO contractor. The
17 bill also requires the panel size criteria for each provider specialty
18 to include all patients of the provider, notwithstanding the patient’s
19 health insurance carrier.

20 It is unclear what sanctions are currently being brought against
21 MCO contractors that do not comply with the current contracts.
22 Consequences for not meeting the requirements of this bill will be a
23 minimum \$50,000 fine for each failure to submit information as
24 required pursuant to the bill. If, after an administrative hearing, the
25 MCO fails to pay the fine, the MCO may be barred from contracting
26 with the department for five years.

27 Lastly, the bill requires an annual report containing the
28 information provided to the program from the MCOs no later than
29 90 days from the first day of the calendar year. To evaluate longer
30 term changes, the bill requires the Office of State Auditor to
31 conduct a follow up audit on MCO provider networks three years
32 after enactment.