SENATE, No. 4251

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED MARCH 3, 2025

Sponsored by:
Senator HOLLY T. SCHEPISI
District 39 (Bergen)

Co-Sponsored by:
Senator Diegnan

SYNOPSIS

Establishes procedure for removal of health care facility from provider network and certain circumstances to allow for special enrollment period.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 3/17/2025)

AN ACT concerning certain changes to health care insurance and supplementing P.L.1997, c.192 (C.26:2S-1 et seq.).

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

1. a. (1) Prior to a carrier removing a health care facility network from its provider network or a health care facility network leaving a carrier's provider network, each party shall provide electronic notice of the potential removal or departure to the other party and electronic notice to the Department of Banking and Insurance, as prescribed by the department. The carrier shall require continued coverage of claims provided by the health care facility network for a period of no less than 15 business days after the notice of potential removal has been sent to the health care facility network and the department.

(2) The carrier and the health care facility network shall negotiate in good faith to come to an agreement during the 15 business day period of continuing coverage required pursuant to this subsection.

b. Notice to all subscribers and patients residing in the county or counties where a health care facility network is located shall be issued on the first day of the 15 business day period required in subsection a. of this section and shall disclose:

(1) that negotiation is taking place; and

(2) the potential impacts if a negotiation fails.

The carrier and the health care facility network shall also display, in a conspicuous manner, the notice of the potential removal on their respective Internet website and any associated applications used by their respective subscribers and patients.

c. (1) Upon conclusion of the 15 business day period required in subsection a. of this section, if negotiations to reach an agreement between a carrier and health care facility network have failed, a special enrollment period of 30 days shall open for individuals who belong to a small employer health benefits plan pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.) or an individual health benefits plan pursuant to P.L.1992, c.161 (C.17B:27A-2 et al.) and are residing in the county or counties where a health care facility network is located. The carrier shall provide coverage of claims provided by the health care facility network for the entirety of the special enrollment period.

(2) The special enrollment period opened pursuant to paragraph (1) of this subsection shall allow a policyholder of a small employer health benefits plan or an insured of an individual health benefits plan to select a new health benefits plan, including, but not limited to, through enrollment in the State-based exchange pursuant to P.L.2019, c.141 (C.17B:27A-57 et seq.) or in an employer-based plan of a spouse.

d. Upon conclusion of the 15-day period of continued coverage required in subsection a. of this section, if the carrier and the health care facility network have not reached an agreement for the health care facility network to remain in the carrier network, the carrier shall provide coverage of claims provided by the health care facility network as an out-of-network charge with the insured party only responsible for payment of any portion of claims provided by the health care facility network in the same manner as provided for prior to the removal of the health care facility network from the carrier's network. The carrier network shall be responsible for the remaining charges until:

(1) the next open enrollment period for that carrier; or

(2) the carrier and the health care facility network reach a new agreement for the health care facility network to remain in the carrier network.

e. As used in this section:

"Health care facility network" means the facility, or a network of health care facilities, whether public or private, that is engaged principally in providing services for health maintenance organizations, diagnosis, or treatment of human disease, pain, injury, deformity, or physical condition, including, but not limited to, a general hospital, special hospital, mental hospital, public health center, diagnostic center, treatment center, rehabilitation center, extended care facility, skilled nursing home, nursing home, intermediate care facility, tuberculosis hospital, chronic disease hospital, maternity hospital, outpatient clinic, dispensary, home health care agency, residential health care facility, dementia care home, and bioanalytical laboratory, or central services facility serving one or more such institutions.

"Health care facility network" shall exclude: (1) institutions that provide healing solely by prayer; (2) bioanalytical laboratories as are independently owned and operated, and are not owned, operated, managed, or controlled, in whole or in part, directly or indirectly by any one or more health care facilities, and the predominant source of business of which is not by contract with health care facilities within the State of New Jersey and which solicit or accept specimens and operate predominantly in interstate commerce; and (3) any office or network of offices of a health care professional, or group of health care professionals, licensed pursuant to Title 45 of the Revised Statutes that provides outpatient care to individual patients in the office.

2. This act shall take effect immediately.

STATEMENT

This bill establishes certain procedures that are required to be followed if a carrier removes a health care facility network from its

provider network or a health care facility network leaves a carrier's provider network. Prior to any removal or departure, a carrier or a health care facility network is to provide electronic notice of the potential removal or departure to the other party and electronic notice to the Department of Banking and Insurance, as prescribed by the department. The carrier is to require continued coverage of claims provided by the health care facility network for a period of no less than 15 business days after the notice of potential removal has been sent to the health care facility network and the department.

During the 15-business day period of continued coverage, the carrier and the health care facility network are required to negotiate in good faith to come to an agreement. Notice to subscribers and patients residing in the county or counties where a health care facility network is located is to be issued on the first day of the 15 business day period to disclose that: (1) the negotiation is taking place; and (2) the potential impact if a negotiation fails. Conspicuous notice of the potential removal is to also be displayed on each party's Internet website and applications used by their respective subscribers and patients.

Upon conclusion of the 15-business day period, if negotiations to reach an agreement between a carrier and health care facility network have failed, a special enrollment period of 30 days is to open to individuals who 1) belong to a small employer health benefits plan or an individual health benefits plan and 2) are residing in the county or counties where a health care facility network is located. The carrier is to provide coverage of claims provided by the health care facility network for the entirety of the special enrollment. The special enrollment period is to allow a policyholder of a small employer health benefits plan or an insured of an individual health benefits plan to select a new health benefits plan, including, but not limited to, through enrollment in the State-based exchange or in an employer-based plan of a spouse.

Upon conclusion of the 15-day period of continued coverage, if the carrier and the health care facility network have not reached an agreement for the health care facility network to remain in the carrier network, the carrier is to provide coverage of claims provided by the health care facility network as an out-of-network charge with the insured party only responsible for payment of any portion of claims provided by the health care facility network in the same manner as provided for prior to the removal of the health care facility network from the carrier's network. The carrier network is responsible for the remaining charges until:

(1) the next open enrollment period for that carrier; or

(2) the carrier and the health care facility network reach a new agreement for the health care facility network to remain in the carrier network.