ASSEMBLY, No. 5541

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED SEPTEMBER 24, 2026

Sponsored by:
Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)

SYNOPSIS

Establishes reference-based pricing system for certain medical services.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning reference-based pricing for certain medical services 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. As used in this act:

"Carrier" means a health, hospital, and medical service corporation; commercial individual and group health insurer; or health maintenance organization authorized to issue health benefits plans in this State. "Carrier" shall also include the State Health Benefits Program and School Employees' Health Benefits Program.

"Covered person" means a person on whose behalf a carrier or other entity, who is the sponsor of the health benefits plan, is obligated to pay benefits pursuant to a health benefits plan.

"Department" means the Department of Banking and Insurance.

"Health benefits plan" means a benefits plan which pays hospital or medical expense benefits for covered services, or prescription drug benefits for covered services, and is delivered or issued for delivery in this State by or through a carrier or any other sponsor. For the purposes of this act, "health benefits plan" shall include, to the maximum extent permitted by federal law, a high-deductible health plan, except if the plan is used to establish a medical savings account pursuant to section 220 of the federal Internal Revenue Code of 1986 (26 U.S.C. s.220). "Health benefits plan" shall not include the following plans, policies or contracts: accident only, credit disability, long-term care, Medicare supplement coverage, TRICARE supplement coverage, coverage for Medicare services pursuant to a contract with the United States government, the State Medicaid program established pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.), coverage arising out of a worker's compensation or similar law, coverage under a policy of private passenger automobile insurance issued pursuant to P.L.1972, c.70 (C.39:6A-1 et seq.), or hospital confinement indemnity coverage.

"Health care provider" means an individual or entity which, acting within the scope of its licensure or certification, provides a covered medical service defined by a health benefits plan. "Health care provider" includes, but is not limited to, a physician or other health care professional licensed pursuant to Title 45 of the Revised Statutes, and a licensed diagnostic, imaging, and outpatient treatment center; acute care hospital; ambulatory surgical center; or other health care facility licensed pursuant to Title 26 of the Revised Statutes.

"Medical service" means medical or surgical care that is provided by a health care provider. "Medical service" shall include but not be limited to inpatient hospital care, outpatient hospital services, imaging services, and ambulatory surgical procedures.

"Medical service" shall not include medical or surgical care provided on an emergency basis.

"Reference price" means a pre-determined price used to determine the maximum allowed payment for a medical service.

"Reference-based pricing" or "reference-based pricing system" means a health insurance cost-containment model that allows a carrier to pay a claim to a health care provider based on a reference price for a medical service, rather than on the provider's billed charge for the service.

"Unit price variation" means the difference between the Medicare reimbursement rate for a medical service and the actual negotiated reimbursement rate for that service between a carrier and health care provider.

2. a. A carrier shall offer a covered person reference-based pricing for medical services as determined by the department pursuant to section 3 of this act. A carrier shall not apply the provisions of this section in a manner inconsistent with the federal "Emergency Medical Treatment and Labor Act," (42 U.S.C. s.1395dd), or P.L.1992, c.160 (C.26:2H-18.51 et al.).

b. (1) A carrier providing reference-based pricing pursuant to subsection a. of this section shall disclose to each covered person, at the beginning of coverage for each covered person, a list, to be updated annually, that contains:

(a) each medical service subject to reference-based pricing pursuant to section 3 of this act;

(b) the reference price for each medical service; and

(c) each health care provider that has a pre-existing agreement with the carrier to accept reference-based pricing.

(2) The list disclosed pursuant to paragraph (1) of this subsection shall also be made available on the Internet website of the carrier.

c. Pursuant to subsection a. of this section, a carrier shall demonstrate to the department, in a form and manner prescribed by the department, that a covered person has reasonable access to medical services subject to reference-based pricing, including time and distance standards and appointment availability standards consistent with network adequacy requirements established pursuant to State law.

3. a. The department shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations to establish, pursuant to this act:

(1) a reference-based pricing system. In establishing the reference-based pricing system pursuant to this paragraph, the department shall:

(a) limit reference-based pricing to medical services with the highest unit price variations in the State, to be determined by the

department. Pursuant to this subparagraph, the department shall obtain claims information from carriers or the agents of carriers, otherwise known as payers, to determine the highest unit price variations among medical services;

(b) pursuant to subparagraph (a) of this paragraph, establish a reference price for each medical service determined by the department to have the highest unit price variations; and

(c) allow a carrier to apply for an exemption, in a form and manner to be determined by the department, to the requirement that reference-based pricing be offered for certain medical services pursuant to subsection a. of section 2 of this act;

(2) a program to assist covered persons in selecting health care providers that accept reference-based pricing for medical services pursuant to subsection a. of section 2 of this act; and

(3) a plan for achieving continuous quality improvement in the quality of care provided by a health care provider accepting reference-based pricing.

b. The department shall also adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), any other rules and regulations as is necessary to effectuate the provisions of this act.

4. This act shall take effect on January 1, 2028 and shall apply to policies and contracts delivered, issued, executed, or renewed on or after that date, except that the Commissioner of Banking and Insurance may take any anticipatory administrative action in advance as shall be necessary for the implementation of this act.

STATEMENT

This bill establishes a reference-based pricing system for certain medical services.

Under the bill, carriers must offer a covered person reference-based pricing for certain medical services. The medical services to be offered reference-based pricing by the carrier under the bill will be determined by the department. A carrier providing reference-based pricing under the bill must also disclose to each covered person, at the beginning of coverage for each covered person, a list, to be updated annually, containing:

(1) each medical service subject to reference-based pricing;

(2) the reference price for each medical service; and

(3) each health care provider that has a pre-existing agreement with the carrier to accept reference-based pricing.

The carrier will also be required to make the list available on the Internet website of the carrier.

The bill additionally requires that a carrier demonstrate to the department, in a form and manner prescribed by the department,

that a covered person has reasonable access to medical services subject to reference-based pricing, including time and distance standards and appointment availability standards consistent with network adequacy requirements established pursuant to State law.

Finally, the bill requires that DOBI adopt rules and regulations to establish:

(1) a reference-based pricing system. In establishing a reference-based pricing system pursuant to this paragraph, the department must:

(a) limit reference-based pricing to medical services with the highest unit price variations in the State, to be determined by the department. To determine the highest unit price variations among medical services, the department will obtain claims information from carriers or the agents of carriers, otherwise known as payers, to determine the highest unit price variations among medical services;

(b) establish a reference price for each medical service determined by the department to have the highest unit price variations; and

(c) allow carriers to apply for an exemption, in a form and manner to be determined by the department, to the requirement that reference-based pricing be offered for certain medical services;

(2) a program to assist covered persons in selecting health care providers that accept reference-based pricing for medical services; and

(3) a plan for achieving continuous quality improvement in the quality of care provided by a health care provider accepting reference-based pricing.