



**State of New Jersey**  
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STEVEN M. GOLDMAN  
*Commissioner*

**BULLETIN NO. 09-07**

**TO: ALL HEALTH INSURANCE COMPANIES, HOSPITAL, MEDICAL AND HEALTH SERVICE CORPORATIONS, HEALTH MAINTENANCE ORGANIZATIONS, DENTAL SERVICE CORPORATIONS AND DENTAL PLAN ORGANIZATIONS AUTHORIZED TO TRANSACT BUSINESS IN NEW JERSEY**

**FROM: STEVEN M. GOLDMAN, COMMISSIONER**

**RE: AWARD OF NEW CONTRACTS FOR THE INDEPENDENT HEALTH CARE APPEALS PROGRAM WITH REVISED FEES**

This bulletin is to inform all health insurance companies, health service corporations, hospital service corporations, medical service corporations, health maintenance organizations, dental service corporations and dental plan organizations (collectively, carriers) that are subject to the Health Care Quality Act, L. 1997, c. 192 (as generally codified, N.J.S.A. 26:2S-1 et seq.), of certain administrative changes being made with respect to the Independent Health Care Appeals Program (IHCAP). The IHCAP was established and operates in accordance with N.J.S.A. 26:2S-11 and 12.

The Department of Banking and Insurance (DOBI) contracts with independent utilization review organizations (IUROs) for the performance of the utilization management review functions of the IHCAP. Bidding occurs through the State of New Jersey's bid process. Generally, DOBI's contract is for a three year term, with an option to extend the contract for a specified period. DOBI requested bids for IURO services for the IHCAP operations in the spring of 2008 in anticipation of the expiration of the current IURO contracts on or about August 31, 2008 (which were extended until the end of February 2009 while the bid process continued). DOBI reviewed three bids. After a review of all of the bids, DOBI elected to offer, and the Department of the Treasury approved award of, a contract to two vendors: Island Peer Review Organization (IPRO), and Peer Review Systems, Inc. d/b/a Permedion. Both are incumbent IUROs for the IHCAP.

The beginning date of the new contract period is March 1, 2009, and shall run for three years. Interested readers may view the technical award information online at <http://www.state.nj.us/treasury/purchase/noa/contracts/t1683.shtml>. In addition, readers are reminded that the bids and awards are public information that can be accessed through the Division of Purchase and Property of the New Jersey State Department of the Treasury.

The bids from IPRO and Permedion were made on the basis of differing fee structures. Appeals forwarded to an IURO by DOBI on or after March 1, 2009 shall be processed under the new fee structure. Accordingly, carriers will be liable for the following fees, based upon which of the two contracted IUROs reviews the matter, and whether the matter goes through preliminary or full review:

Independent Utilization Review Organization	Preliminary Review	Full Review
IPRO	\$100.00 – all 3 yrs.	\$920.00 – all 3 yrs.
Permedion	\$100.00 - 1 <sup>st</sup> yr. \$105.00 - 2 <sup>nd</sup> yr. \$111.00 - 3 <sup>rd</sup> yr.	\$750.00 - 1 <sup>st</sup> yr. \$788.00 - 2 <sup>nd</sup> yr. \$827.00 - 3 <sup>rd</sup> yr.

If an appeal only goes through preliminary review, the carrier will be responsible for the costs of preliminary review only. Once an appeal starts the full review process, the carrier will be responsible for the costs of the full review regardless of whether the appeal is withdrawn prior to completion of the full review. Please note that the full review fee is inclusive of the preliminary review fee.

The form used for filing appeals with the IHCAP (that carriers are required to supply to their covered lives with the notice of an adverse determination on a Stage 2 internal appeal) remains unchanged at this time. The form can be found on DOBI's website at <http://www.state.nj.us/dobi/chap352/352implementnotice.html>.

Questions concerning the information contained in this bulletin should be directed to Sylvia Allen-Ware, Chief, Office of Managed Care, at: 609-777-9470, ext. 50476 (telephone); 609-633-0807 (facsimile); or, [Sylvia.Allen-Ware@dobi.state.nj.us](mailto:Sylvia.Allen-Ware@dobi.state.nj.us).

March 10, 2009  
Date

/s/ Steven M. Goldman  
Steven M. Goldman  
Commissioner