

**NEW JERSEY**  
**INDIVIDUAL HEALTH COVERAGE PROGRAM**  
**and**  
**SMALL EMPLOYER HEALTH BENEFITS PROGRAM**

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**JOINT ADVISORY BULLETIN 95-06**

Date: November 27, 1995

To: IHC and SEH Member Carriers That Offer the Standard Health Benefits Plans and All Interested Parties

From: Ellen F. DeRosa, Assistant Director

Re: **Summary of IHC and SEH Policy Form Changes**

The Individual Health Coverage Program (IHC) Board and the Small Employer Health Benefits (SEH) Board have adopted modifications to the standard IHC and SEH policy forms. Carriers must issue the revised policy forms for all **new business** effective **January 1, 1996**. With respect to **inforce business**, Carriers have the *option* to either implement the new forms as the *first plan anniversary on or after January 1, 1996*, or implement with respect to *all plans as of January 1, 1996*.

**THIS IS ONLY A SUMMARY OF THE CHANGES. REFER TO THE IHC AND SEH POLICY FORMS FOR SPECIFIC POLICY FORM LANGUAGE AND A COMPLETE EXPLANATION OF ALL THE TERMS AND CONDITIONS OF COVERAGE.**

<b>Summary of IHC Changes</b>
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(Unless otherwise stated, the changes apply to Plans A-E and HMO.)

**I. Clarifications**

Eligibility for and termination of coverage. Note: If a person covered under an IHC plan becomes eligible for coverage under a group plan, the IHC plan terminates, even if the coverage provided under the group plan is not the same or similar to the IHC coverage. The person may apply for IHC coverage during the October Open Enrollment period, provided the group plan is contributory, and the desired IHC coverage is not the "same or similar." (For indemnity plans there must be a difference in deductible of \$100 or more and a difference in coinsurance of 10% or more. If one or both of the plans are offered through a selective contracting arrangement, the network benefit is used for comparison. An HMO plan is generally not the same or similar to an indemnity plan. Indemnity Plan E with a \$150 deductible is the exception.)

Grace Period. Note: Coverage stays in force during the 31 days of the grace period. Termination occurs as of the end of the grace period, not the paid to date.

Pre-Existing Conditions (PEC) Credit.(Continuity) 1) A person is entitled to PEC credit as long as there has been a lapse in coverage of no more than 30 days. 2) If new benefits are added to the standard IHC plans, a Carrier may not impose a new PEC exclusion with respect to the new benefits.

Utilization Review (UR) Provisions. The maximum penalty for failure to comply with UR requirements is 50%. Options for appeal, and the consequences of a successful appeal were clarified. Only one confirming opinion is required. (A-E only)

Special Care Unit. Carrier covers charges up to the actual charge for the special care unit. (A-E only)

Prescription Drugs. Includes contraceptive drugs.

Assistant Surgeon. The surgery benefit includes medically necessary and appropriate services of an assistant surgeon. (A-E only)

Diagnostic Services. Charges incurred in connection with a routine physical are covered, subject to the limitations of the primary care benefit. (A-E only)

Emergency Room Copayment. The copay is in addition to the deductible, coinsurance, and any other copayments. (i.e., it is a penalty)

Specialist Services. The list of specialist services was deleted. (HMO only)

## **II. Additional Benefits**

“48 hour maternity”. The forms comply with the requirements of recent NJ law by providing coverage for a minimum of 48 hours of inpatient care following a vaginal delivery, and a minimum of 96 hours of inpatient care following a cesarean section. The benefit is provided if the attending physician determines that care is medically necessary, or if the mother requests it.

Nutritional Counseling. Limited to the management of disease entities.

Nicotine Dependence Treatment. Included as part of Primary Care Services Benefit. (A-E only include specific policy language. HMO plans cover nicotine dependence treatment when referred by a PCP.)

Autologous Bone Marrow Transplant. Carrier has the option to include the optional benefit required by law as part of the standard plans, or offer it as a rider. Indemnity carriers may make a separate election for: 1) Plan A, and 2) Plans B-E.

Non-Prescription Supplies. Plans cover glucose test strips, lancets, colostomy bags, belts and irrigators.

Routine Foot Care. Specific services are covered, as exceptions to the exclusion.

## **III. Other Changes**

Alternate Treatment Features. All carriers must include this provision. (A-E only)

Eligibility. Carriers have the option to require that dependents reside within the service area. (HMO only)

Grievance Procedure. Carriers must include a grievance procedure. (PPO/POS only)

Self referral. Carriers have the option to either allow self referral to an OB/GYN once per year, or on an unlimited basis, for non-surgical gynecological care and routine pregnancy care. (POS only)

### **Summary of SEH Changes**

(Unless otherwise stated, the changes apply to Plans A-E and HMO.)

#### **I. Clarifications**

Special Care Unit. Carrier covers charges up to the actual charge for the special care unit. (A-E only)

Prescription Drugs. Includes contraceptive drugs.

Emergency Room Copayment. The copay is in addition to the deductible, coinsurance, and any other copayments. (i.e., it is a penalty)

Specialist Services. The list of specialist services was deleted. (HMO only)

Coinsurance Following Copayment. Any services subject to a copayment are reimbursed at 100%, following the payment of the copayment. (PPO/POS only)

#### **II. Additional Benefits**

“48 hour maternity.” The forms comply with the requirements of recent NJ law by providing coverage for a minimum of 48 hours of inpatient care following a vaginal delivery, and a minimum of 96 hours of inpatient care following a cesarean section. The benefit is provided if the attending physician determines that care is medically necessary, or if the mother requests it.

Nutritional Counseling. Limited to the management of disease entities. Subject to Pre-Approval.

Fertility Services. Exceptions to the exclusion. Subject to Pre-Approval. The forms provide coverage for artificial insemination, and drugs which are for FDA approved indications, but only for standard dosages, lengths of treatment, and cycles of therapy.

Vision Screening. For dependents through age 17.

Nicotine Dependence Treatment. Included as part of Preventive Care Benefit. (A-E only include specific policy language. HMO plans cover nicotine dependence treatment when referred by a PCP.)

Autologous Bone Marrow Transplant. Carrier has the option to include the optional benefit required by law as part of the standard plans, or offer it as a rider. An indemnity carrier may make a separate election for: 1) Plan A, and 2) Plans B-E.

Non-Prescription Supplies. Plans cover glucose test strips, lancets, colostomy bags, belts and irrigators.

Routine Foot Care. Specific services are covered, as exceptions to the exclusion.

Self referral. (POS only) Allows self referral to an OB/GYN on a unlimited basis, for non-surgical gynecological care and routine pregnancy care. (A-E only)

### **III. Other Changes**

Family Deductible and Family Coinsurance Cap. Carriers must elect, for all plans, to calculate as either satisfied by 2 separate individuals, or as satisfied on an aggregate basis by 3 or more persons. (A-E only)

Participation. The 75% participation requirement may be satisfied through coverage under any health benefits plan offered by the employer.

Continuity. Credit for prior coverage expanded to include group, individual, Medicare, Medicaid or self-funded plans.

Grievance Procedure. Carriers issuing coverage as PPO or POS may include a Grievance procedure. (A-E only)

Coverage Outside the U.S. Limited to travel for 6 months or less, business assignment for 6 months or less, or full-time students, subject to Pre-Approval. (A-E only)

Eligibility. Carriers have the option to require that persons reside within the service area. (HMO only)

### **NEW PLAN OPTION**

HMO/POS (The proposal of the SEH Board will be submitted for publication in early December.)