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BULLETIN NO. 04-07

TO: ALL NEW JERSEY PRIVATE PASSENGER AUTOMOBILE INSURERS

FROM: HOLLY C. BAKKE, COMMISSIONER

RE: DECISION POINT REVIEW AND PIP PRECERTIFICATION PLANS - N.J.A.C. 11:3-4.10 REPORTING REQUIREMENTS

The Automobile Insurance Cost Reduction Act (AICRA), enacted May 19, 1998 (P.L. 1998, c.21 and c.22), substantially revised the statutory requirements governing the provision of private passenger automobile insurance in New Jersey. These revisions included changes to the definition of personal injury protection (PIP) benefits available under a policy; the establishment of standards against which the medical necessity of treatments reimbursable under PIP coverage would be evaluated; and precertification requirements for certain procedures, treatments, diagnostic tests, and durable medical equipment reimbursable under PIP coverage.

On December 21, 1998, the Department of Banking and Insurance (Department) adopted rules at N.J.A.C. 11:3-4 (see 30 N.J.R. 4401(a)) implementing many of AICRA's provisions. Among other things, the rules required all private passenger automobile insurers in the State to file with the Department decision point review or precertification plans meeting the criteria set forth in the rules. In addition to adopting these rules, the Commissioner of Banking and Insurance (Commissioner) by Order No. A99-113 created the Personal Injury Protection Technical Advisory Committee (PIPTAC) to monitor the Department's implementation of AICRA, including determining whether treatment for injuries sustained in automobile accidents was being inappropriately or arbitrarily denied by insurers.

By Order No. A99-153, the Department requested all private passenger insurers to submit monthly reports for review by PIPTAC, which were to include

data on insurers' decision point or precertification plans. On November 6, 2000, the Department adopted rules at N.J.A.C. 11:3-4.10 (see 32 N.J.R. 4005(c)) requiring insurers to file monthly decision point review/precertification implementation reports with the Department. On January 6, 2003, the Department amended N.J.A.C. 11:3-4.10 (see 35 N.J.R. 249(b)) to require only quarterly reporting of this data.

The decision point review and PIP precertification plans have been in effect for several years, and the Department has determined that the continued filing of the quarterly reports on the plans has limited utility. It is the Department's position that policyholder complaints and targeted market conduct examinations are more reliable methods of monitoring insurer performance. Accordingly, on July 21, 2003, the Department proposed a repeal of the reporting requirements at N.J.A.C. 11:3-4.10, together with numerous other changes regarding PIP coverage (see 35 N.J.R. 3072(a)). This proposal is currently under review and, to date, has not been adopted. The purpose of this Bulletin is to advise all private passenger automobile insurers that, pending adoption of this proposal, the Department will not be enforcing the quarterly reporting requirements imposed by N.J.A.C. 11:3-4.10.

5/12/04
Date

/s/ Holly C. Bakke
Holly C. Bakke, Commissioner

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