

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

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**JOINT ADVISORY BULLETIN 95-02**

Date: July 21, 1995

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

From: Ellen F. DeRosa, Assistant Director

Re: **Compliance with Recent Changes in New Jersey Law**

**SECTION I: BACKGROUND INFORMATION**

The Individual Health Coverage Program Board (IHC Board) is required, by law, to review the standard policy form text on an annual basis, and propose modifications, as appropriate. The Small Employer Health Benefits Program Board (SEH Board) has elected to undertake a similar review of the standard policy form text, and propose modifications, as appropriate. Both the IHC Board and the SEH Board intend to publish proposed modifications to the standard policy forms in the August 24, 1995 New Jersey Register. Following the comment period and subsequent adoption of modifications to the text of the forms, Carriers will be required to issue policy forms including the new text beginning January 1, 1996.

Two of the modifications to be included in the proposal respond to recent New Jersey legislation described below. **While the anticipated implementation date for specific policy form language changes is not until January 1, 1996, Carriers must nevertheless comply with the requirements of these laws as of the effective dates of these laws.** Assembly Bill 1997, P.L. 1995, c.100, which deals with a mandatory offer of coverage for certain cancer treatments, was signed into law on May 9, 1995, and takes effect on August 7, 1995 with respect to plans delivered, issued, executed, or renewed on or after that date. Assembly Bill 2224, P.L. 1995, c. 138, which deals with in-patient maternity care, was signed into law on June 28, 1995, and was effective immediately with respect to plans delivered, issued, executed or renewed on or after that date. Carriers that have implemented P.L. 1995, c. 138 immediately for all plans should continue to do so.

**While both Boards have developed language and procedures to address the requirements of the two new laws, the specific policy form language and approach taken by each Board differs. Please refer to the applicable section(s) of this Bulletin for direction with respect to the plans sold by a given Carrier.**

## **SECTION II: INDIVIDUAL HEALTH COVERAGE PROGRAM**

The IHC Board has developed policy form language designed to comply with the two new laws. The language will be included in the proposal to be published in August. While proposal text is subject to comment and any necessary modifications, the IHC Board recommends that Carriers be guided by the proposal language in administering the benefits required by the new laws.

### **A. P.L. 1995, c. 100: Mandatory Offer of Coverage of Certain Cancer Treatments**

The new law requires that coverage for autologous bone marrow transplants, associated dose intensive chemotherapy, and peripheral blood stem cell transplants be offered to New Jersey policyholders. The IHC Board's August rule proposal will allow Carriers to make separate elections with respect to: 1) Plan A; and 2) Plans B, C, D, E, and HMO to either include the optional benefit in all standard individual health benefit plans included in the election, or offer the benefit as an optional benefit by rider to be developed by the IHC Board pursuant to N.J.S.A. 17B:27A-7c. (For example, a Carrier may elect to include the optional benefit in all Plans B - E and HMO, but decide to offer the benefit as an optional benefit by rider in Plan A.) The August rule proposal will include both language modifying the standard plans and a Board created standard rider.

The IHC Board has drafted the following language which would modify the Transplant benefit provision of the Covered Charges with Special Limitations section of the standard indemnity plans, and modify item 23 of the Covered Services and Supplies section of the standard HMO plan:

- **Autologous Bone Marrow Transplant and Associated Dose-Intensive Chemotherapy, but only if performed by institutions approved by the National Cancer Institute, or pursuant to protocols consistent with the guidelines of the American Society of Clinical Oncologists;**
- **Peripheral Blood Stem Cell Transplants, but only if performed by institutions approved by the National Cancer Institute, or pursuant to protocols consistent with the guidelines of the American Society of Clinical Oncologists**

The rider to be developed by the Board will include similar text.

As an interim measure, the IHC Board recommends that Carriers administratively provide the benefits required by P.L. 1995, c. 100 in a manner consistent with the language set forth above.

### **B. P.L. 1995, c. 138: 48 Hour Maternity Care**

The new law requires that a minimum 48-hour in-patient care coverage be provided following the birth of a child.

The IHC Board has drafted the following language which would modify the Hospital Charges provision of the Covered Charges section of the standard indemnity plans and the Inpatient Hospital, Rehabilitation Center & Skilled Nursing Center Benefits section of the standard HMO plan:

**Carrier also covers charges for a mother who is insured under the Policy and a newborn dependent for up to 48 hours of in-patient care in a Hospital following a vaginal delivery or a minimum of 96 hours of in-patient care following a cesarean section delivery. These Covered Charges are not subject to the Medically Necessary and Appropriate requirements of the Policy. However, these charges are subject to either the attending Practitioner determining that in-patient care is medically necessary or the mother requesting the in-patient care.**

As an interim measure, the IHC Board recommends that Carriers administratively provide the benefits required by P.L. 1995, c. 138 in a manner consistent with the language set forth above.

### **SECTION III: SMALL EMPLOYER HEALTH BENEFITS PROGRAM**

The SEH Board has developed policy form language designed to comply with the laws. The language will be included in the proposal to be published in August. While proposal text is subject to comment and any necessary modifications, the SEH Board recommends that Carriers be guided by the proposal language in administering the benefits required by the new laws. As an alternative to providing the benefits administratively, Carriers may file optional benefit riders with the SEH Board in accordance with the requirements set forth in N.J.S.A. 17B:27A-19i and N.J.A.C. 11:21-3.2(d).

#### **A. P.L. 1995, c. 100: Mandatory Offer of Coverage of Certain Cancer Treatments**

The new law requires that coverage for autologous bone marrow transplants, associated dose intensive chemotherapy, and peripheral blood stem cell transplants be offered to New Jersey policyholders. The SEH Board's August rule proposal will allow Carriers to elect to either *include the optional benefit in all standard small employer health benefit plans, or offer the benefit as an optional benefit by rider. The SEH Board will develop standard rider language specifying the optional benefit for use on the compliance and variability rider. Carriers may elect, in the alternative, to file an optional benefit rider, as noted above.*

The SEH Board has drafted the following language which would modify the Transplant benefit provision of the Covered Charges with Special Limitations section of the standard indemnity plans, and modify item 23 of the Covered Services and Supplies section of the standard HMO plan:

- **Autologous Bone Marrow Transplant and Associated Dose - Intensive Chemotherapy, but only if performed by institutions approved by the National Cancer Institute, or pursuant to protocols consistent with the guidelines of the American Society of Clinical Oncologists;**
- **Peripheral Blood Stem Cell Transplants, but only if performed by institutions approved by the National Cancer Institute, or pursuant to protocols consistent with the guidelines of the American Society of Clinical Oncologists**

The rider to be developed by the Board will include similar text.

As an interim measure, the SEH Board recommends that Carriers administratively provide the benefits required by P.L. 1995, c. 100 in a manner consistent with the language set forth above. Or, Carriers may, prior to January 1, 1996, file an optional benefit rider specifying the benefits required by P.L. 1995, c. 100. Any such riders should be filed with the SEH Board in accordance with the requirements set forth at N.J.A.C. 11:21-3.2(d).

**B. P.L. 1995, c. 138: 48 Hour Maternity Care**

The new law requires that in - patient care coverage be provided following the birth of a child.

The SEH Board has drafted the following language which would modify the Hospital Charges provision of the Covered Charges section of the standard indemnity plans and the Inpatient Hospital, Rehabilitation Center & Skilled Nursing Center Benefits section of the standard HMO plan:

**As an exception to the Medically Necessary and Appropriate requirement of the Policy, [Carrier] also provides coverage for the mother and newly born child for:**

- a. up to 48 hours of in-patient care in a Hospital following a vaginal delivery; and**
- b. a minimum of 96 hours of in-patient Hospital care following a cesarean section.**

**[Carrier] provides such coverage subject to the following:**

- a. the attending Practitioner must determine that in-patient care is medically necessary; or**
- b. the mother must request the in-patient care.**

As an interim measure, the SEH Board recommends that Carriers administratively provide the benefits required by P.L. 1995, c. 138 in a manner consistent with the language set forth above. Or, Carriers may, prior to January 1, 1996, file an optional benefit rider specifying the benefits required by P.L. 1995, c. 138. Any such riders should be filed with the SEH Board in accordance with the requirements set forth at N.J.A.C. 11:21-3.2(d).

**SECTION IV: CONCLUSION**

Any modifications to a Carrier's rate filing necessitated by the inclusion of the benefits required by P.L. 1995, c. 100 and P.L. 1995, c. 138 should be submitted:

- to the IHC Program Board as required by N.J.A.C. 11:20-6; or
- for SEH plans, to the New Jersey Department of Insurance as required by N.J.A.C. 11:21-9.

If you have any questions, please feel free to contact me at: 609-633-1882 (phone), or 609-633-2030 (FAX)