

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

20 West State Street, 10th Floor
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Trenton, NJ 08625

JOINT ADVISORY BULLETIN 95-03

Date: July 31, 1995

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

From: Ellen F. DeRosa, Assistant Director

Re: **Compliance with P.L. 1995, Ch. 132**
Prevention of Certain Types of Insurance Fraud

P.L. 1995, Ch. 132, approved on June 22, 1995, takes effect on August 21, 1995 (60th day following enactment). The new law requires that carriers include a fraud warning statement on application forms and on claim forms. The Commissioner of Insurance released Bulletin No. 95-16 to alert carriers to the requirements of the new law and suggest a mechanism carriers should use to comply with the requirements of the law. The purpose of this Joint Advisory Bulletin is to provide compliance direction to carriers that offer the standard IHC and SEH Health Benefits Plans. Please refer to the applicable sections below for direction with respect to each Program.

I. IHC Program

Application

Regulations promulgated by the IHC Board require that carriers either use the standard form designed by the IHC Board, or file an alternate application with the IHC Board for use with the standard IHC plans. The standard application developed by the IHC Board, and contained in Exhibit G of the Appendix to N.J.A.C. 11:20, does not include any fraud warning statement. The IHC Board will propose an amendment to Exhibit G to include an appropriate fraud warning, and the IHC Board's goal is to be in a position to adopt the amended application coincident with the adoption of changes to the standard policy forms to be effective January 1, 1996. For the period between August 21, 1995 and January 1, 1996, carriers should use the same sticker, stamp or addendum filed and approved by the New Jersey Department of Insurance for use with application forms, as discussed in the Commissioner's Bulletin No. 95-16.

II. SEH Program

Application

Regulations promulgated by the SEH Board require that carriers use the standard form designed by the SEH Board. The standard application developed by the SEH Board, and contained in Exhibit N of the Appendix to N.J.A.C. 11:21, includes a fraud warning statement. However, the text is not entirely consistent with the fraud warning statement suggested in the new law. The SEH Board will propose an amendment to Exhibit N to include a more appropriate fraud warning, and the SEH Board's goal is to be in a position to adopt the amended application coincident with the adoption of changes to the standard policy forms to be effective January 1, 1996. For the period between August 21, 1995 and January 1, 1996, carriers should use the same sticker, stamp or addendum filed and approved by the New Jersey Department of Insurance for use with application forms, as discussed in the Commissioner's Bulletin No. 95-16.

III. IHC and SEH Programs

Claim Forms

The standard claim forms adopted by the IHC Board are contained in Exhibits H and I of the Appendix to N.J.A.C. 11:20, and the standard claim forms adopted by the SEH Board are contained in Exhibits L and M of the Appendix to N.J.A.C. 11:21. Neither of these forms (HCFA 1500 or UB-82) contain a fraud warning. The IHC and SEH Boards will propose amendments to IHC Exhibits H and I and SEH Exhibits L and M to include an appropriate fraud warning, and the goal of both Boards is to be in a position to adopt the amended claim forms coincident with the adoption of changes to the standard policy forms to be effective January 1, 1996. For the period between August 21, 1995 and January 1, 1996 carriers should use the following text, affixed either by means of a sticker, stamp or addendum:

Any person who knowingly files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

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