NEW JERSEY
SMALL EMPLOYER HEALTH BENEFITS PROGRAM
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ADVISORY BULLETIN
97-SEH-01

To: **SEH Program Members and Interested Parties**
From: **Wardell Sanders, Assistant Director**
Re: **Paying Benefits under Standard Small Employer Health Benefits Plans**
Date: **March 3, 1997**

It has come to the attention of the Small Employer Health Benefits ("SEH") Program Board that some carriers may have not been paying benefits consistent with N.J.A.C. 11:21-7.14. That regulation provides the following:

> (a)   In paying benefits for covered services under the terms of the small employer health benefits plans provided by health care providers not subject to capitated or negotiated fee arrangements, small employer carriers shall pay covered charges on a reasonable and customary standard based on the Prevailing Healthcare Charges System profile for New Jersey, incorporated herein by reference published and available from the Health Insurance Association of America, 1025 Connecticut Avenue, NW, Washington, DC 20036-3998.
>
> > 1.   The maximum allowable charge shall be based on the 80th percentile of the profile.
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> > 2.   Carriers shall use the profile effective as of July 1993, and shall update their databases within 60 days after receipt of periodic updates released by the Prevailing Healthcare Charges Systems.

Pursuant to this regulation, carriers must pay benefits based on one of the following: (1) a negotiated rate; (2) the reasonable and customary charge based on the HIAA database; or (3) actual charges. This rule applies to all types of charges, including hospital charges. The rule does not permit the use of balanced billing when the carrier pays a negotiated rate or actual charges.

Please be advised that any carrier not conforming with the SEH Board's regulation is subject to fines and penalties permitted under law. Pursuant to N.J.S.A. 17B:27A-43, a carrier violating the SEH Act may be liable to a penalty of not less than $2,000 and not greater than $5,000 for each violation.