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SEMI-ANNUAL LEGISLATIVE REPORT INDEPENDENT HEALTH CARE APPEALS PROGRAM DEPARTMENT OF BANKING AND INSURANCE

This is the semi-annual report to the Legislature on activities related to the Independent Health Care Appeals Program from January 1, 2025 through June 30, 2025.

The Health Care Quality Act established the Independent Health Care Appeals Program to provide covered persons with the right to appeal to an independent utilization review organization (IURO) a carrier's denial, limitation or termination of a covered service on the grounds that it is not medically necessary. The overturn of a carrier's denial signifies that the IURO determined, after a review of all medical information submitted by the carrier and the covered person, that the services requested for the covered person were medically necessary and appropriate and should therefore be covered by the carrier. If all or part of the IURO's decision is in favor of the covered person, the carrier is required to provide coverage for the healthcare services found to be medically necessary within ten business days. The IURO's decision is binding on the carrier and the covered person, except if other remedies are available under state or federal law. The New Jersey Department of Banking and Insurance (Department) administers the Independent Health Care Appeals Program and currently contracts with one IURO to conduct the appeal reviews.

Two thousand seventy-nine (2,079) external appeals were filed with the Department's vendor during the period of this report. Of the 2,079 appeals, 1,243 were accepted for review by the IURO. Appeals determined to be ineligible for the Independent Health Care Appeals Program were rejected for the following reasons: failure to exhaust the carrier's internal appeal process; not a utilization management (UM) issue; member is covered by self-funded plan; fair hearing request; failure to provide signed consent to appeal; issue already resolved; out of state coverage; appeal untimely; and the appeal involves a non-covered benefit.

The IURO rendered decisions on 1,160 appeals during this period. Of the 1,160 appeals, the IURO upheld the carrier's denial 650 times (56%) and overturned or modified the carrier's denial 510 times (44%). In the previous 6-month period, July 1, 2024, through December 31, 2024, the IURO rendered decisions on 964 appeals. The carrier's denial was upheld in 61% of the cases and overturned or modified in 39% of the cases.

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The appeals involved various types of medical service denials as shown below:

January 1, 2025 – June 30, 2025

Category	Number of Appeals
Covered Medication	0
Hospital Admission, Days, Reduction of Acuity	239
Outpatient Medical Treatment/Diagnostic Testing	124
Skilled Nursing Facility	46
Dental - Medicaid	69
Medical Daycare	6
Home Health Care	223
Medical Equipment (DME) and/or Supplies	47
Surgical Procedure	41
Service Experimental/Investigational	1
Outpatient Rehab Therapy (PT, OT, Cardio, etc.)	19
Behavioral Health – Inpatient	36
Behavioral Health – Residential	2
Behavioral Health – Outpatient	9
Substance Abuse - Detox	2
Substance Abuse – Inpatient	12
Substance Abuse - Residential	5
In-Network Exception	44
Medication	224
Emergency Admission	1
Other	10
Totals	1160

The medical specialties that are most frequently represented in the appeals are as follows:

Specialty	Number of Appeals
Infectious Disease	18
Gastroenterology	51
Pediatrics	0
Internal Medicine	11
Cardiology	64
Dental	45
Physical Medicine and Rehabilitation	42
Neurology	2
Psychiatry	2
Endocrinology	0
Pulmonary	40
Orthopedics	75
Oncology	28
Neonatology	0
Pediatric Endocrinology	4
Urology	6
Pain Management	18
General Surgery	6
Radiation Oncology	14
Nephrology	64

Pediatric Pulmonary	0
Plastic Surgery	6
OB/GYN	16
Hematology Oncology	2
Geriatrics	0
Oral Maxillofacial	0
Dermatology	15
Ophthalmology	6
ENT (Eye, Nose, Throat)	0
Anesthesiology	0
Allergy Immunology	1
Neurosurgery	8
Addiction Medicine	41
Child and Adolescent Psychiatry	12
Clinical Genetics and Genomics	0
Endocrinology, Diabetes, and Metabolism	33
Emergency Medicine	4
Critical Care Medicine	10
Family Medicine	5
Geriatric Psychiatry	58
Interventional Radiology and Diagnostic Radiology	0
Neurodevelopmental Disabilities; Neurology with Special Qualification in Child Neurology	0
Neurology with Special Qualification in Child Neurology	32
Neurology; Neuromuscular Medicine	0
Neuromuscular Medicine	9
Orthodontics	28
Otolaryngology; Neurotology	6
Pediatric Critical Care Medicine	42
Pediatric Gastroenterology	150
Optometry	2
Acupuncture	0
Pediatric Rehabilitation Medicine	58
Pediatric Cardiology	0
Podiatric Surgery	0
Reproductive Endocrinology and Infertility	2
Rheumatology	14
Sleep Medicine	2
Pediatric Surgery	0
Vascular Neurology	89
Vascular Surgery	6
Hospice and Palliative Care Medicine	11
Pediatric Hematology-Oncology	2
Chiropractic	0
Totals	1160

The number and disposition of appeals filed for each carrier is shown on the table below.

January 1, 2025 – June 30, 2025

Carrier	Market Share	Total Appeals Completed	IURO Determination			% Agree With Plan
			Disagree with Plan	% Disagree with Plan	Agree with Plan	
Aetna Better	3.89%	94	47	50%	47	50%
Aetna	5.68%	20	13	65%	7	35%
AmeriChoice/UHCCP**	11.69%	115	39	34%	76	66%
Amerigroup	6.31%	131	48	37%	83	63%
AmeriHealth	4.85%	42	23	55%	19	45%
Cigna	2.16%	5	3	60%	2	40%
Horizon	54.43%	680	303	45%	377	55%
Oscar	0.75%	11	2	18%	9	82%
Oxford**	4.36%	15	10	67%	5	33%
United**	2.84%	1	0	0%	1	100%
WellCare/Fidelis	2.88%	46	22	48%	24	52%
Total	100%	1160	510	44%	650	56%

** AmeriChoice (now d/b/a United Healthcare Community Plan), Oxford and United are all owned by UnitedHealth Group. The combined market share is 18.89%.

The table below shows the number of appeals received and the number reviewed by the IUROs since establishment of the IHCAP in 1997:

Year	Appeals Received	Appeals Accepted by IURO
CY 1997	27	25
CY 1998	122	104
CY 1999	174	144
CY 2000	174	133
CY 2001	303	273
CY 2002	260	233
CY 2003	342	318
CY 2004	337	314
CY 2005	358	343
CY 2006	354	340
CY 2007	306	299
CY 2008	359	355
CY 2009	477	477
CY 2010	424	422
CY 2011	712	702
CY 2012	672	665
CY 2013	548	521
CY 2014	454	446
CY2015	602	581
CY2016	1027	984
CY2017	1574	1166

CY2018	2472	2390
CY2019	2478	2398
CY2020	2127	1882
CY2021	2212	1996
CY2022	2814	1360
CY2023	3803	1835
CY2024	3861	2066

As the table demonstrates, the annual number of appeals filed by covered persons remains low considering the number of residents enrolled in HMOs and other managed care plans (over 3.1 million). However, there has been a continuous increase in appeals, with a marked upturn in appeals starting in 2011. The number of appeals shown on the chart as received, represents the appeals determined to meet the criteria for review. The number of actual appeals reviewed by the IURO is often lower because of the carrier’s decision to cover the service before the IURO initiates its review.

How the Appeal System Works

It is important to remember that covered persons are required to exhaust the carrier’s internal appeals process before submitting an appeal for review by an IURO, except in urgent or emergency cases.

During the period covered by this report, all external appeal case reviews were conducted by one IURO under contract with the Department – Maximus Federal Services. The reviews are performed by medical professionals, including specialty physicians appropriate to the area under review. The physician reviewers examine cases on the basis of medical records and other documents, generally accepted practice guidelines and applicable clinical protocols. The cost of the review is paid by the carrier and the fees ranged from \$900 to \$920 for this reporting period. Consumers pay a \$25 filing fee for an external appeal, which is waived in cases of financial hardship and for Medicaid enrollees. The carrier is required to refund the \$25 filing fee to the covered person if the carrier’s denial is overturned.

Consumers are allowed up to four months and up to sixty days for Medicaid enrollees from the date of a carrier’s final adverse benefit determination to file an external appeal. Under routine circumstances, a decision must be rendered by the IURO within 45 calendar days from receiving the appeal request; however, the IURO can act within a matter of hours in urgent or emergency cases.

Consumer Education

New Jersey law requires that covered persons who are denied coverage based on lack of medical necessity for an otherwise covered medical procedure or service must be given an appeal form that includes instructions on how to file an appeal. On the few occasions when the Department has learned that a carrier failed to notify its member of the right to appeal, the Department has taken prompt corrective action.

An Appeal and Complaint Guide for New Jersey Consumers is available on the Department’s website at www.state.nj.us/dobi/division_consumers/insurance/appealcomplaintguide.pdf. This Guide explains the utilization management appeal process and provides instructions for filing complaints against carriers with the Department. The Department also produces an annual HMO Report Card which includes information on the appeal process.