

# Office of the Governor

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## NEWS RELEASE

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Gov. Christie Whitman today conditionally vetoed the following piece of legislation:

ACS for A-2121, sponsored by Assembly Members Guy F. Talarico (R- Bergen) and Nicholas Asselta (R-Cape May/Atlantic/Cumberland), provides for insurance carrier reporting of claims payment practices to the Department of Banking and Insurance and for enforcement of violations of claims payment requirements. The bill would have provided that within nine months after its enactment, a carrier shall give a provider, upon the provider's request, a monthly statement showing the claims (other than electronic claims) received from the provider during the previous month. The bill also requires that, at a provider or covered person's request, a payer shall provide information as to all material required to be submitted to the payer with a claim for reimbursement. Under the bill, if the commissioner of the Department of Banking and Insurance determined that a carrier had an unreasonably large number of claims that were denied or not paid in a timely manner, the commissioner could, after notice and hearing, conduct an investigation of the carrier's payment practices and require remedial action by the carrier, require that the carrier's processing procedures be monitored by a private auditing firm and/or ultimately fine the carrier not less than \$10,000.

In her conditional veto, the Governor commended the Legislature for recognizing the need to ensure that valid health insurance claims are paid in a timely manner, but she said the incentive for electronic filing provided under previous legislation should not be negated in any way by encouraging providers who currently file claims manually to continue to do so. She said the bill's requirement that a payer give to each provider who files claims manually, and who so requests, a monthly statement of all claims filed by that provider with that payer, encourages the continuation of manual filing by effectively providing some "bookkeeping" services. She said that the prompt pay provisions of Senate Bill 323, coupled with this legislation's requirement that payers must maintain toll-free telephone numbers for providers who are inquiring as to status of claims and must respond to such inquiries within three business days, adequately affords a means to "start the clock" for purposes of assuring prompt payment of claims. The Governor also recommended removing the \$10,000 minimum fine provision and replacing it with a penalty provision that allows the Department of Banking and Insurance to exercise discretion and changing the requirement that an insurer submit audited records to the Department of Banking and Insurance, the Governor and the Legislature on a semi-annual (or more frequent basis if requested by the Banking and Insurance Commissioner) to an annual submission of audited records to the Governor, Legislature and commissioner, and a quarterly submission of unaudited records to the commissioner only.

