

CHAPTER 23**THIRD PARTY ADMINISTRATORS****Authority**

N.J.S.A. 17:1-8.2, 17:1-15e, and 17B:27B-1 et seq.

Source and Effective Date

R.2005 d.113, effective April 4, 2005.
See: 36 N.J.R. 1297(a), 37 N.J.R. 1077(a).

Chapter Expiration Date

Pursuant to Executive Order No. 1(2010), the chapter expiration date is extended from April 4, 2010 until the completion of the review of administrative regulations and rules by the Red Tape Review Group, and until such time as the extended regulation or rule is readopted pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq.

Chapter Historical Note

Chapter 23, Third Party Administrators, was adopted as R.2005 d.113, effective April 4, 2005. See: Source and Effective Date.

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SUBCHAPTER 1. GENERAL PROVISIONS**11:23-1.1 Purpose and scope**

(a) This chapter sets forth the licensing and registration requirements of third party administrators of health benefits plans and the certification requirement of third party billing services in accordance with the provisions of N.J.S.A. 17B:27B-1 et seq.

(b) This chapter applies to all persons who act as, offer to act as, or hold themselves out to be, a third party administrator of health benefits plans or third party billing service in this State.

11:23-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Act” means N.J.S.A. 17B:27B-1 et seq., an act concerning third party administrators of health benefits plans and third party billing services.

“Affiliate” means any company that controls, is controlled by, or is under common control with another company.

“Automobile insurer” means any person or persons, corporation, association, partnership, company, reciprocal exchange, or other legal entity authorized or admitted to transact private passenger automobile insurance in this State, or any one member of a group of affiliated companies that transacts such insurance business in accordance with a common rating system. Automobile insurer does not include an entity that is self-insured pursuant to N.J.S.A. 39:6-52. Automobile insurer shall also mean any insurer issuing a policy of insurance on a motor bus the owner, registered owner, or operator of which is required to maintain medical expense benefit coverage pursuant to N.J.S.A. 17:28-1.6.

“Benefits payer” means an insurer authorized to issue health or dental benefits plans in this State, or any other person who undertakes to provide and assumes financial risk for the payment of health or dental benefits and is obligated to pay claims for health or dental benefits to providers or

other claimants. For the purposes of certification of third party billing services only, "benefits payer" shall also include automobile insurers.

"Client" means a health care provider that contracts with a third party billing service to remit claims to benefits payers on behalf of the provider or other claimant.

"Commissioner" means the Commissioner of Banking and Insurance.

"Control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control shall be presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10 percent or more of the voting securities of any other person.

"Department" means the New Jersey Department of Banking and Insurance.

"Enrollee" means a person entitled to receive benefits under a health benefits plan.

"Health benefits plan" means a benefits plan which pays or provides hospital and medical expense or dental benefits for covered services. For the purposes of this chapter, health benefits shall not include the following plans, policies or contracts: accident only, credit, disability, long-term care, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) supplement coverage, coverage arising out of a worker's compensation or similar law, automobile medical payment insurance, personal injury protection insurance issued pursuant to N.J.S.A. 39:6A-1 et seq. or hospital confinement indemnity coverage.

"Health care provider" or "provider" means an individual or entity, including for the purposes of this chapter, a group practice or faculty practice, which provides a covered benefit or service.

"Impaired third party administrator" means a third party administrator that is not insolvent but is deemed, by the Commissioner of this or any other state, to be potentially unable to fulfill its contractual obligations or that is placed under an order of rehabilitation, reorganization or conservation by a court of competent jurisdiction.

"Insolvent third party administrator" means a third party administrator:

1. Which is determined to be insolvent by a court of competent jurisdiction in this State or any other state;
2. Which files for relief in bankruptcy under Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq.;
3. Against which involuntary bankruptcy proceedings are filed under that title; or
4. For which a receiver has been appointed by a court of competent jurisdiction.

"Insurer" means a licensed health insurer, health, hospital or medical service corporation, health maintenance organization, dental service corporation or dental plan organization.

"NAIC" means the National Association of Insurance Commissioners.

"Temporary initial license, registration or certification" means a license, registration or certification issued by the Department for a limited period following April 4, 2005 which allows third party administrators or third party billing services operating in this State prior to April 4, 2005 to continue operating during the initial application process.

"Third party administrator" means a person or entity that processes and pays claims on behalf of a benefits payer without the assumption of financial risk for the payment of health or dental benefits. Third party administrator shall include: an entity not licensed in New Jersey as an insurer that is not an affiliate or a subsidiary of a New Jersey licensed insurer, that processes claims on behalf of a benefits payer; an entity that is a subsidiary or an affiliate of a New Jersey licensed insurer that processes claims on behalf of that insurer and any other benefits payer; and an entity that is a subsidiary or affiliate of a New Jersey licensed insurer that only processes claims on behalf of benefits payers other than insurers. Third party administrator shall not include an employee, affiliate or subsidiary of a benefits payer formed for the purpose of processing and paying claims solely on behalf of the benefits payer, nor shall it include a collection agency or bureau or pharmacy benefits manager. For purposes of this chapter, third party administrator shall include organized delivery systems as defined by N.J.S.A. 17:48H-1, who are acting as third party administrators, which are certified by the Department of Health and Senior Services, but shall not include those organized delivery systems licensed by the Department of Banking and Insurance.

"Third party billing service" means a person or entity that is paid by a health care provider to process claims or claim payments on behalf of the health care provider, and that is not an employee, affiliate or subsidiary of the health care provider.

Amended by R.2013 d.034, effective February 19, 2013.

See: 44 N.J.R. 1761(a), 44 N.J.R. 2101(a), 45 N.J.R. 332(b).

Added definition "Automobile insurer"; and in definition "Benefits payer", inserted the last sentence.