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NEWS RELEASE

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Gov. Christie Whitman Signs Act To Extend State HMO Consumer Protections to 1 Million More New Jerseyans

Gov. Christie Whitman today signed the Health Care Quality Act extending the state's HMO consumer protections to more than one million additional New Jerseyans covered by other forms of managed health care.

As well as bringing all managed care consumers under the same umbrella of protections, the new law also offers important benefits to senior citizens, physicians, members of self-funded insurance plans, and to consumers in traditional fee-for-service health care.

"I am proud to say that New Jersey is a leader in guarding consumers against the abuses of managed care," Whitman said. "The new HMO regulations, which we adopted in March and which protect about 2 million New Jerseyans, have become a national model for putting patients first."

"Today, we extend those first-class protections to another one million New Jerseyans in about three dozen different managed care plans offered by health insurance companies. Through the Health Care Quality Act, we will be able to assure more New Jersey families that they will get the medical treatment -- and the fair treatment -- they deserve."

The new legislation was sponsored by Senators Jack Sinagra (R-Middlesex) and John J. Matheussen (R-Camden/Gloucester) and Assembly Members Charlotte Vandervalk (R-Bergen); Paul DiGaetano (R-Bergen/Essex/Passaic); Neil M. Cohen (D-Union); Barbara Wright (R-Mercer/Middlesex); Paul Kramer (R-Mercer/Middlesex) and Joseph V. Doria, Jr. (D-Hudson). It covers HMOs as well as managed care plans sponsored by insurance companies. Thirty five health insurance companies that contract with preferred provider organizations (PPOs) will also be subject to the law.

"The new HMO rules have made a difference to consumers and this new law will, too," said Health and Senior Services Commissioner Len Fishman. "Although the HMO rules have been in effect for just a few months, we are getting more calls than we did previously from consumers because they are becoming more aware of their rights."

Among the protections offered by the Health Care Quality Act are:

- Consumers have the right to appeal to an independent organization when medically necessary care that is covered by the consumer's health insurance plan has been denied or limited.
- A managed care company's medical director, who is charged with decisions regarding the denial or limitation of medical services, must be a licensed physician.
- The so-called "gag rule" has been eliminated. Doctors may discuss the full range of treatment options, even if they are not covered services.

- Doctors may appeal to a three-physician panel any decision to prematurely terminate their contract. They may also request the reason for their termination in writing.

"This bill will protect doctors from having their managed care contracts unfairly terminated because they advocated medical treatment their patients need," Whitman said. "While it's important to keep medical costs under control, we can't allow anything to compromise the special relationship between a patient and his or her doctor. And when doctors are prematurely terminated, they will have the right to appeal and request reasons for termination in writing."

The law also offers assistance to consumers in traditional fee for service health plans, as well as those who receive their health benefits through an employer's self-funded plan. Those with traditional health coverage can now file an independent appeal of decisions to limit or deny medically necessary care. They also have the right to have these decisions made only by a physician.

About one-third of insured New Jerseyans receive health benefits through an employer's self-funded plan. Although federal law prohibits states from regulating these plans, this law requires employers to notify employees that they are covered by a self-funded plan. Employers must also disclose which of the state-mandated health insurance benefits, such as the minimum hospital stay for maternity or mastectomy, are not covered by the plan.

Seniors in Medicare HMOs are already covered by the state's HMO regulations. However, this new law will protect even more seniors now that the federal Balanced Budget Act of 1997 allows Medicare to offer beneficiaries additional managed care options.

As is the case with regulation of HMOs, the departments of Insurance and Health and Senior Services will share oversight of the other types of managed care organizations as a result of this bill. The Department of Health and Senior Services will monitor access and quality of care and the Department of Insurance will monitor fiscal matters and other insurance-related issues.

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