

Re: **Recently-Enacted Legislation Regarding Health Care Billing Companies**

Dear Client:

We are writing to advise you of a recent regulatory development about which you should be aware. Public Law 2001 Chapter 267 C.P.L. 2001, c. 267") was enacted to provide for mandatory licensure, registration and certification of third party administrators of health benefits plans and third party billing services. A brief summary of the law, as **it relates** specifically to third party billing services, is provided here for your reference.

The law defines a "third party billing service" as "a person or entity that is paid by a health care provider to process claims or claims payments on behalf of the health care provider." As of January 1, 2002, the law requires all third party billing services to be certified by the Commissioner of the New Jersey Department of Banking and Insurance (the "Department." However, the official form of application and accompanying documentation requirements have not yet been promulgated by the Department.

In addition to the application and supporting materials, third party billing services will be expected to file copies of the following items with the Commissioner: 1) its marketing methods; 2) the compensation terms for billing services; 3) a quality assurance plan; and 4) the contract used by the entity to contract with providers. P.L. 2001, c. 267 also requires that third party billing services, as fiduciaries of their clients, maintain separate accounts for each client to ensure against commingling of funds.

Until such time as the Commissioner promulgates forms and further guidance, Commissioner's Bulletin #02-03 has directed all third party billing services to submit a notice by mail or facsimile to the Department including the business name, address, telephone number and contact person. Once the regulation is formally adopted, the Life & Health Admissions Committee will forward a copy of the regulation and application to the contact person. Submissions may be forwarded to:

New Jersey Department of Banking and Insurance, Office of Life and Health  
Attention: Timothy C. Costello, Secretary, Life & Health Admissions Committee  
P.O. Box 325  
Trenton, NJ 08625

Fax: 609-633-0527

We will continue to monitor the developments concerning P.L. 2001, c. 267, and would be happy to counsel you in the implementation of your compliance plan. If we can assist you in this or any other capacity, please feel free to contact our office.