

The Department of Banking and Insurance has reviewed these rules and has determined that the rules should be readopted without change. The rules are necessary, reasonable, and proper for the purpose for which they were originally promulgated. Therefore, pursuant to N.J.S.A. 52:14B-5.1.c(1), the rules are readopted and shall continue in effect for a seven-year period.

(a)

**DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE**

**Notice of Readoption
Third-Party Administrators**

Readoption with Technical Changes: N.J.A.C. 11:23

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17B:27B-1 et seq.
Authorized By: Marlene Caride, Commissioner, Department of
Banking and Insurance.

Effective Dates: November 23, 2021, Readoption;
December 20, 2021, Technical Changes.
New Expiration Date: November 23, 2028.

Take notice that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 11:23 were scheduled to expire on June 26, 2021. Pursuant to Executive Order Nos. 127 (2020) and 244 (2021) and P.L. 2021, c. 103, any chapter of the New Jersey Administrative Code that would otherwise have expired during the Public Health Emergency originally declared in Executive Order No. 103 (2020) is extended through January 1, 2022. Therefore, this chapter has not yet expired and the 30-day filing date pursuant to N.J.S.A. 52:14B-5.1.c has not yet occurred, therefore, pursuant to Executive Order No. 244 (2021), and P.L. 2021, c. 103, this notice of readoption is timely filed.

The rules in this chapter were promulgated to implement N.J.S.A. 17B:27B-1 et seq. (Act), which requires all third-party administrators of health and dental benefits plans to be licensed or registered with the Commissioner of the Department of Banking and Insurance (Commissioner). The Act sets forth various requirements, including applicant information, the standards for approval of applications, annual reporting requirements, and fiduciary duties. In accordance with the Act, N.J.A.C. 11:23 was adopted effective April 4, 2005, and contains the following rules:

N.J.A.C. 11:23-1 sets forth the general provisions of the chapter. N.J.A.C. 11:23-1.1 provides the purpose and scope of the chapter. N.J.A.C. 11:23-1.2 defines the terms used throughout the chapter.

N.J.A.C. 11:23-2 sets forth the licensing or registration requirements for third-party administrators. N.J.A.C. 11:23-2.1 provides when licensure or registration as a third-party administrator is required. N.J.A.C. 11:23-2.2 sets forth the application filing requirements for licensure or registration, including all the information that must be included with the application. N.J.A.C. 11:23-2.3 contains the standards for approval of applications. N.J.A.C. 11:23-2.4 provides the procedure for review of the applications. N.J.A.C. 11:23-2.5 sets forth the standards for the denial of applications. N.J.A.C. 11:23-2.6 provides that applicants for licensure or registration may be subject to an organizational investigation or examination by the Department of Banking and Insurance (Department).

N.J.A.C. 11:23-3.1 includes the requirement that there be written agreements between the administrator and benefits payer and the provisions that the agreement must contain. N.J.A.C. 11:23-3.2 sets forth the provisions concerning the books and records of third-party administrators. N.J.A.C. 11:23-3.3 contains the rules for compensation of third-party administrators who adjudicate claims. N.J.A.C. 11:23-3.4 provides that a third-party administrator acts in a fiduciary capacity in the receipt and transmittal of the funds of the benefits payers. N.J.A.C. 11:23-3.5 includes the requirement that all funds remitted to an administrator by a benefits payer licensed or authorized to do business in New Jersey be held in a separate account. N.J.A.C. 11:23-3.6 sets forth the requirement

that policies, certificates, booklets, termination notices, or other written communications delivered by the benefits payer to the administrator be promptly delivered to enrollees by the administrator. N.J.A.C. 11:23-3.7 includes the requirement that a third-party administrator notify the Commissioner of any change of control or other material fact affecting its qualifications for licensure, including changes in names or contracts and the addition of new clients or new benefits payers; and the requirement that third-party administrators file an annual report with the Department. N.J.A.C. 11:23-3.8 contains annual reporting requirements. N.J.A.C. 11:23-3.9 sets forth the requirement that third-party administrators not contract with, or on behalf of, a self-funded Multiple Employer Welfare Arrangement that is not registered pursuant to N.J.S.A. 17B:27C-1 et seq.

N.J.A.C. 11:23-4.1 sets forth the grounds for suspension or revocation of a license or registration. N.J.A.C. 11:23-4.2 provides the grounds for the immediate, temporary suspension of a license or registration, if certain conditions are met. N.J.A.C. 11:23-4.3 contains the grounds for the imposition of a civil administrative penalty in lieu of, or in addition to, a suspension or revocation of a license or registration.

N.J.A.C. 11:23-5 contains the rules for third-party billing services. N.J.A.C. 11:23-5.1 sets forth the requirement that anyone acting as a third-party billing service in New Jersey must obtain a certification as a third-party billing servicer. N.J.A.C. 11:23-5.2 provides the application filing requirements for certification as a third-party billing service. N.J.A.C. 11:23-5.3 includes the information that an applicant for certification as a third-party billing service must provide to the Department. N.J.A.C. 11:23-5.4 sets forth the minimum standards for approval of an application for certification as a third-party billing service by the Commissioner. N.J.A.C. 11:23-5.5 provides the standards for the Commissioner to deny an application for certification. N.J.A.C. 11:23-5.6 contains the requirement that no third-party billing service shall conduct business with a client without a written agreement and the minimum provisions to be included in such an agreement. N.J.A.C. 11:23-5.7 sets forth the requirement that third-party billing services that accept monies from benefit payers on behalf of clients act in a fiduciary capacity on behalf of the clients in the receipt and transmittal of funds. N.J.A.C. 11:23-5.8 provides the requirement that a third-party billing service immediately notify the Commissioner of any fact or circumstance affecting its continuing qualification for certification, including any material change in ownership or control. N.J.A.C. 11:23-5.9 contains the standards for revocation or suspension of a third-party billing service's certification. N.J.A.C. 11:23-5.10 sets forth that the Commissioner may, upon notice and a hearing, assess a civil administrative penalty for each day that a third-party billing service is in violation of the Act.

The Department has reviewed N.J.A.C. 11:23 and has determined the existing rules continue to be necessary, reasonable, and proper for the purpose for which they were originally promulgated. Accordingly, pursuant to N.J.S.A. 52:14B-5.1.c(1), the rules are readopted and shall continue in effect for a seven-year period, with the following technical changes: correcting the Department's website address and the National Association of Insurance Commissioners's (NAIC) website address set forth at N.J.A.C. 11:23-2.2(b), and correcting the Department's website address set forth at N.J.A.C. 11:23-5.2(a).

Full text of the technical changes follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

CHAPTER 23

[THIRD PARTY] **THIRD-PARTY ADMINISTRATORS**

SUBCHAPTER 2. LICENSE OR REGISTRATION
REQUIREMENTS FOR [THIRD PARTY]
THIRD-PARTY ADMINISTRATORS

11:23-2.2 Application filing requirements for licensure or registration of [third party] **third-party** administrators

(a) (No change.)

(b) Application for licensure or registration shall be made on a form prescribed by the Commissioner which can be found on the Department's website at [www.njdoabi.org/tpapage.htm] **www.state.nj.us/dobi/division**

[insurance/managedcare/tpapage.htm](#). The information that shall accompany the application shall include:

1.-2. (No change.)

3. A biographical affidavit on the form provided on the Department's website at [[www.njdobi.org/tpapage.htm](#)] [www.state.nj.us/dobi/division/insurance/managedcare/tpapage.htm](#) or on the NAIC biographical affidavit form, which is incorporated by reference, as amended and supplemented, and which can be found on the NAIC website at [[http://www.naic.org/ucaa/forms/forms.htm](#)] [https://www.naic.org/documents/industry_ucaa_form11.pdf](#), including the name, address, and official position of each person responsible for conducting the affairs of the applicant, including, but not limited to, if applicable: the members of the board of directors, executive committee, or other governing board or committee; the principal officers or partners; shareholders owning or having the right to acquire 10 percent or more of the voting securities of the corporation or partnership interest of a partnership, or equity interest, in the case of another form of business organization; or any person or entity who has loaned funds to the applicant for the operation of the business;

4.-6. (No change.)

(c) (No change.)

SUBCHAPTER 5. [THIRD PARTY] THIRD-PARTY BILLING SERVICES

11:23-5.2 Application filing requirements

(a) Application for certification shall be made to the Commissioner on a form provided by the Commissioner that can be found on the Department's website at [[www.dobi.nj.gov/tpapage.htm](#)] [www.state.nj.us/dobi/division/insurance/managedcare/tpapage.htm](#).

(b) (No change.)

(a)

DEPARTMENT OF BANKING AND INSURANCE DIVISION OF INSURANCE

Notice of Readoption

Office of the Insurance Claims Ombudsman

Readoption with Technical Changes: N.J.A.C. 11:25

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17:29E-1 et seq.

Authorized By: Marlene Caride, Commissioner, Department of Banking and Insurance.

Effective Dates: November 23, 2021, Readoption;
December 20, 2021, Technical Changes.

New Expiration Date: November 23, 2028.

Take notice that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 11:25 were scheduled to expire on October 10, 2021. Pursuant to Executive Order Nos. 127 (2020) and 244 (2021) and P.L. 2021, c. 103, any chapter of the New Jersey Administrative Code that would otherwise have expired during the Public Health Emergency originally declared in Executive Order No. 103 (2020) is extended through January 1, 2022. Therefore, this chapter has not yet expired and the 30-day filing date pursuant to N.J.S.A. 52:14B-5.1.c has not yet occurred, therefore, pursuant to Executive Order No. 244 (2021), and P.L. 2021, c. 103, this notice of readoption is timely filed.

The rules operate to establish procedures for the Insurance Claim Ombudsman to exercise his or her statutory authority; and to implement the provisions at N.J.S.A. 17:29E-9, that requires life and property and casualty insurers to establish an internal appeals procedure for consumers seeking review of disputed claims. The Department of Banking and Insurance has reviewed N.J.A.C. 11:25 and has determined that the chapter remains necessary, proper, reasonable, efficient, understandable, and responsive to the purposes for which it was originally promulgated, as amended and supplemented over time, and should be readopted with technical changes. Therefore, pursuant to N.J.S.A. 52:14B-5.1.c(1),

N.J.A.C. 11:25 is readopted and shall continue in effect for a seven-year period, with technical changes to update certain contact information.

N.J.A.C. 11:25-1 establishes procedures for the Insurance Claims Ombudsman to exercise his or her statutory authority to:

- Investigate consumer complaints regarding policies of insurance, including the payment of claims;
- Monitor the implementation of N.J.S.A. 17:23A-1 et seq. (disclosure practices of policyholders' personal information); N.J.S.A. 17:29B-1 et seq., and 17B:30-1 et seq. (unfair methods of competition; unfair, deceptive, and discriminatory acts or practices); and N.J.S.A. 17:35C-1 et seq. (regulation of contract provisions; and required disclosure to consumers in Medicare supplement health insurance policies);
- Monitor and investigate violations of N.J.S.A. 17:35C-11 (use of false, misleading, or fraudulent statements in advertising to sell Medicare supplement insurance);
- Respond to consumer inquiries, including, but not limited to, those regarding policy terms and availability of coverage;
- Ensure that accurate and understandable buyers' guides and rate comparisons are published and disseminated to consumers;
- Review consumer complaints regarding the conduct of arbitrators appointed under the terms of a policy of insurance (except policies issued pursuant to N.J.S.A. 39:6A-1 et seq.);
- Review disputes that are appealed by consumers after an internal appeals procedure (N.J.A.C. 11:25-2) is conducted by life, property, and casualty insurers; and
- Investigate such other improper patterns or practices as are deemed necessary and appropriate to the Office of the Insurance Claims Ombudsman.

The Department is updating the contact information for the Office of the Insurance Claims Ombudsman listed at N.J.A.C. 11:25-1.3(b) and 1.7(d). The changed text includes an updated facsimile number, as well as a current mailing and email address for the Office of the Insurance Claims Ombudsman; and also adds a website address for the electronic submission of consumer complaints and publication of this information by insurers.

N.J.A.C. 11:25-2 implements the provisions at N.J.S.A. 17:29E-9, that requires life, property, and casualty insurers to establish an internal appeals procedure for consumers seeking review of disputed claims. More specifically, this subchapter sets forth the general requirements for insurer internal appeals systems, including the composition of an internal appeals panel; requirements related to notice to insureds and maintenance of data and records; and penalties for noncompliance.

Full text of the technical changes follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

SUBCHAPTER 1. GENERAL POWERS AND DUTIES

11:25-1.3 General provisions; disputed claims

(a) (No change.)

(b) Consumers seeking review in accordance with (a) above shall file a complaint with the Ombudsman in any form, which indicates that the complainant is seeking review of a disputed claim. All complaints shall be sent to:

[The Office of Insurance Claims Ombudsman]

New Jersey Department of Banking and Insurance

Consumer Assistance

20 West State Street

PO Box [472] **329**

Trenton, NJ 08625-[0472]**0329**

Telephone: [(800) 446-7467] **(609) 292-7272**

Telefax: (609) 292-2431 or **(609) 777-0508**

Automated Hotline: 1-800-446-7467

E-mail: [[ombudsman@dobi.state.nj.us](#)] [ombudsman@dobi.nj.gov](#)

Electronic complaint submissions: [https://www.state.nj.us/dobi/consumer.htm](#)