Legislative Update – May 2019

Bundled Payments for Childbirth-Related Services Approved by NJ Legislature **–** On March 25, 2019, the New Jersey Senate and the New Jersey Assembly passed Bill S3365, which would establish bundled payments for childbirth- related services. The Bill now awaits Governor Murphy's signature. The Bill will implement a three-year Medicaid perinatal episode of care pilot program, to be developed by the "perinatal episode of care steering committee" established under the Bill. The steering committee will design a perinatal episode of care payment model, also known as a bundled payment model, in which provider reimbursement will be based on target total cost of care for services provided within a perinatal episode of care, rather than on individual services provided within the episode of care. The Bill defines a "perinatal episode of care" as all pregnancy-related care including prenatal care, labor and birth, and postpartum care provided to a mother and infant, beginning 40 weeks prior to the delivery and ending 60 days after the delivery of the infant. The purpose of the Bill is to improve perinatal healthcare outcomes and to reduce the cost of perinatal care.

New Law to Enhance Enforcement and Oversight of Behavioral Health Parity Laws– On April 11, 2019, Bill A2031 was signed into law by Governor Murphy to enhance enforcement and oversight of behavioral health parity laws. The new Law requires hospitals, medical and health service corporations, commercial insurers, health maintenance organizations, health benefits plans issued pursuant to the New Jersey Individual Health Coverage and Small Employer Health Benefits Programs, the State Health Benefits Program, and the School Employees' Health Benefits Program, to provide coverage for mental health conditions and substance-use disorders to meet the requirements of the federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008. That act prevents certain health insurers that provide mental health or substance-use disorder benefits from imposing less favorable benefit limitations on those benefits than on medical or surgical benefits, commonly referred to as mental health parity. The new Law amends several statutes which require hospitals, medical and health service corporations, individual and group health insurers, and the State Health Benefits Program to provide coverage for biologically based mental illness under the same terms and conditions as provided for any other sickness. The new Law expands that coverage to include mental health conditions and substance-use disorders.

Bill Establishing Maternal Health Care Pilot Program Approved by New Jersey Legislature – On March 25, 2019, the New Jersey Senate and the New Jersey Assembly passed Bill S3375, which would require the Commissioner of Health to develop a shared decision-making tool for use by maternity care hospitals and licensed birthing centers. The Bill now awaits Governor Murphy's signature. Use of the shared decision-making tool by maternity care hospitals and licensed birthing centers would be voluntary. The purpose of the tool would be to: improve knowledge of the benefits and risks of, and best practice standards for, the provision of maternity care; increase collaboration between a maternity care patient and the patient's health care provider to assist the patient in making informed decisions about the maternity care the patient receives; improve patient experiences during, and reduce adverse outcomes related to, or associated with, pregnancy; and encourage maternity care patients to create a birth plan which would provide the patient's preferences during the stages of labor, delivery, and postpartum. The Bill directs the Commissioner of Health to implement a three-year pilot program, under which a select number of maternity care hospitals and birthing centers will utilize and evaluate the shared decision-making tool.