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## FOR RELEASE ON RECEIPT

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# N.J. Ambulatory Surgical Center Bill Rewards Unethical Doctor Practices, Drives Up Insurance Costs

TRENTON, N.J.— The Property Casualty Insurers Association of America (PCI) strongly opposes Senate Bill 787 passed in the New Jersey Senate this week that allows physicians to make self-referrals to their ambulatory surgical centers. This legislation threatens the fight against insurance fraud and will drive up auto insurance costs and jeopardize patients' best interests.

"While on the surface, S787 appears to be an attempt to reform the practice of self referral by medical practitioners, the fact is it would allow doctors to pocket millions of dollars from improperly filed insurance claims," said Richard Stokes, PCI regional manager.

Senate Bill 787 would change language related to ambulatory surgical centers to allow medical providers to refer patients to facilities in which they have a financial interest. Lifting the restrictions on self-referral will invite more insurance fraud into the New Jersey marketplace, thereby driving up insurance costs. The bill will be considered in the Assembly in January.

In addition, the proposed legislation includes a clause that provides a retroactive "carve out" exempting current violators, meaning that doctors and medical practitioners who engaged in deceptive billing practices would still be able to collect on illegally submitted insurance claims.

"Doctors who knowingly engaged in deceptive billing practices and blatant conflicts of interest should not be rewarded for their indiscretions," said Stokes. "If these illegally submitted claims were paid, it would be financially devastating to New Jersey motorists who pay for auto insurance and to those companies that insure them. Referral of patients for specific healthcare services should be based purely on medical considerations and should not be influenced by potential financial gain for the providers involved. Similar to the abuses we have seen on Wall Street, some New Jersey doctors have abused a loophole in the law that advances their own financial interests to the detriment of the healthcare delivery system as a whole."

New Jersey has the largest number of ambulatory surgery centers per capita than surrounding states. While ambulatory surgical centers were originally created as low-cost providers of certain treatments outside of hospitals, in some cases treatment cost in these facilities can be 300 to 500 percent higher than in nearby hospitals.

"The original legislation on this issue was passed and signed into law in 1988 to address the possible over-utilization of services," said Stokes. "Senate Bill 787 will undo efforts to control over-utilization of medical services

and insurance fraud, which have been key to many of the positive changes we have seen in New Jersey auto insurance reform,” said Stokes.

PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$198 billion in annual premium, 40.5 percent of the nation’s property casualty insurance. Member companies write 51.6 percent of the U.S. automobile insurance market, 39.7 percent of the homeowners market, 33.2 percent of the commercial property and liability market, and 38.7 percent of the private workers compensation market.

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