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Andrew G. Shuman, MD, HEC-C

To: Members of the New Jersey Senate Commerce Committee

Date: February 20, 2026

Re: Support for S1022 (2026–2027), Prohibits Downcoding in Health Insurance Claims

Dear Chair and Members of the Committee:

On behalf of the American Academy of Otolaryngology–Head and Neck Surgery (AAO-HNS), which has approximately 13,000 members nationwide, I write to express our strong support for S1022.

Otolaryngologists provide specialized medical and surgical care for patients with complex conditions affecting the ears, nose, throat, and related structures of the head and neck. Accurate coding and fair reimbursement are essential to maintaining patient access to this highly specialized care.

S1022 would prohibit a carrier, organized delivery system, or an agent thereof from using downcoding in a manner that prevents a health care provider from submitting a health benefits claim for the actual service performed and collecting reimbursement from the payer for that service. The bill defines “downcoding” as a practice in which a payer adjusts a health benefits claim to reflect a less complex or lower cost service than was billed in order to reimburse the provider at a reduced rate, including, but not limited to, the use of remark codes.

AAO-HNS supports S1022 because it establishes a clear statutory standard governing claims payment practices and reinforces the integrity of the reimbursement process. By prohibiting downcoding that interferes with a provider’s ability to submit and be reimbursed for the service actually performed, the legislation promotes transparency and accountability in claims adjudication.

Inappropriate downcoding can substitute payer judgment for the treating physician’s documented clinical decision-making and impose unnecessary administrative burdens on physician practices. These practices ultimately threaten patient access to timely specialty care. S1022 provides reasonable guardrails to ensure that payment

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decisions reflect the services provided and the terms of provider contracts.

We also appreciate that the bill directs the Department of Banking and Insurance to adopt regulations to implement its provisions and establishes a defined implementation timeline, taking effect on the 180th day after enactment, allowing for orderly compliance. The principles embodied in S1022 are consistent with broader physician community efforts to promote fairness and transparency in claims adjudication.

AAO-HNS respectfully urges the Committee to support S1022 and appreciates your leadership on this important issue. Please do not hesitate to contact us if we may serve as a resource.

Sincerely,



Rahul K. Shah, MD, MBA
Executive Vice President / CEO
American Academy of Otolaryngology–Head and Neck Surgery