

CHAPTER 22**HEALTH BENEFIT PLANS****Authority**

N.J.S.A. 17:1-8.1, 17:1-15e and P.L. 1999, c.339.

Source and Effective Date

R.2000 d.452, effective November 6, 2000.
See: 32 N.J.R. 2860(a), 32 N.J.R. 4014(a).

Executive Order No. 66(1978) Expiration Date

Chapter 22, Health Benefit Plans, expires on November 6, 2005.

Chapter Historical Note

Chapter 22, Health Benefit Plans, was adopted as R.2000 d.452, effective November 6, 2000. See: Source and Effective Date.

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SUBCHAPTER 1. PROMPT PAYMENT OF CLAIMS**Authority**

N.J.S.A. 17:1-8.1, 17:1-15c, 17:29B-1 et seq., 17B:30-13.1, 26:2J-15b and 17B:30-23 et seq.

Source and Effective Date

R.2001 d.13, effective January 2, 2001.
See: 32 N.J.R. 1985(a), 33 N.J.R. 105(a).

11:22-1.1 Purpose and scope

(a) This chapter implements N.J.S.A. 17B:30-26 through 34, which sets standards for the payment of claims relating to health benefit plans and dental plans.

(b) This chapter applies to any insurance company, health service corporation, medical service corporation, hospital service corporation, health maintenance organization, dental service corporation and dental plan organization that issues health benefit plans or dental plans in this State; any organized delivery system; and to any agent, employee or

other representative of such entity that processes claims for such entity.

Amended by R.2003 d.446, effective November 17, 2003.

See: 35 N.J.R. 2394(a), 35 N.J.R. 5292(a).

In (b), inserted "any organized delivery system;" following "dental plans in this State;".

11:22-1.2 Definitions

(a) The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

"ADR" means alternate dispute resolution.

"Agent" means any entity, including a subsidiary of a carrier, or an organized delivery system as defined by N.J.S.A. 17:48H-1 with which a carrier has contracted to perform claims processing or claims payment services.

"Capitation payment" means a periodic payment to a health care provider for his services under the terms of a contract between the provider and a carrier, under which the provider agrees to perform the health care services set forth in the contract for a specified period of time for a specified fee, but shall not include any payments made to the provider on a fee-for-service basis.

"Carrier" means an insurance company, health service corporation, hospital service corporation, medical service corporation or health maintenance organization authorized to issue health benefits plans in this State and a dental service corporation or dental plan organization authorized to issue dental plans in this State.

"Commissioner" means the Commissioner of Banking and Insurance.

"Claim" means a request by a covered person, a participating health care provider, or a nonparticipating health care provider who has received an assignment of benefits from the covered person, for payment relating to health care services or supplies or dental services or supplies covered under a health benefits plan or dental plan issued by a carrier.

"Clean claim" means:

1. The claim is for a service or supply covered by the health benefits plan or dental plan;
2. The claim is submitted with all the information requested by the carrier on the claim form or in other instructions distributed to the provider or covered person;
3. The person to whom the service or supply was provided was covered by the carrier's health benefits or dental plan on the date of service;
4. The carrier does not reasonably believe that the claim has been submitted fraudulently; and

5. The claim does not require special treatment. For the purposes of this subchapter, special treatment means that unusual claim processing is required to determine whether a service or supply is covered, such as claims involving experimental treatments or newly approved medications. The circumstances requiring special treatment should be documented in the claim file.

"Covered person" means a person on whose behalf a carrier offering the plan is obligated to pay benefits or provide services pursuant to the health benefits or dental plan.

"Covered service or supply" means a service or supply provided to a covered person under a health benefits or dental plan for which the carrier is obligated to pay benefits or provides services or supplies.

"Dental plan" means a benefits plan which pays dental expense benefits or provides dental services and supplies and is delivered or issued for delivery in this State by or through any carrier in this State.

"Department" means the Department of Banking and Insurance.

"Health benefits plan" means a benefits plan which pays hospital and medical expense benefits or provides hospital and medical services, and is delivered or issued for delivery in this State by or through a carrier. Health benefits plan includes, but is not limited to, Medicare supplement coverage and risk contracts to the extent not otherwise prohibited by Federal law. For the purposes of this chapter, health benefits plan shall not include the following plans, policies or contracts: accident only, credit, disability, long-term care, CHAMPUS supplement coverage, coverage arising out of a workers' compensation or similar law, automobile medical payment insurance, personal injury protection insurance issued pursuant to P.L. 1972, c.70 (N.J.S.A. 39:6A-1 et seq.) or hospital confinement indemnity coverage.

"Health care provider" or "provider" means an individual or entity which, acting within the scope of its license or certification, provides a covered service or supply as defined by the health benefits or dental plan. Health care provider includes, but is not limited to, a physician, dentist and other health care professional licensed pursuant to Title 45 of the Revised Statutes, and a hospital and other health care facilities licensed pursuant to Title 26 of the Revised Statutes.

(b) The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Organized delivery system" or "ODS" means an organized delivery system that is either certified or licensed pursuant to N.J.S.A. 17:48H-1 et seq.

Amended by R.2003 d.446, effective November 17, 2003.

See: 35 N.J.R. 2394(a), 35 N.J.R. 5292(a).
Added (b).

11:22-1.3 Acknowledgement of receipt of claims

(a) A carrier or its agent shall acknowledge receipt of all claims. The acknowledgement shall include the date the carrier or its agent received the claim.

1. If a claim is submitted by electronic means, the claim shall be acknowledged electronically no later than two working days following receipt of the claim. The acknowledgement of receipt of an electronic claim shall go to the entity from which the carrier received the claim.

2. If a claim is submitted by written notice, the claim shall be acknowledged no later than 15 working days following receipt of the claim.

(b) If a carrier or its agent remits payment within two working days of receipt of a claim submitted electronically, or 15 working days of receipt of a claim submitted by written notice, and such payment includes the date of receipt of the claim, the payment shall constitute acknowledgement of receipt.

(c) If a carrier offers providers web-based access to claims status, the available information shall include the date of receipt of the claims. Such information, if posted within the timelines established in (a)2 above, shall constitute acknowledgement of receipt of those claims.

(b) All contracts issued by health maintenance organizations and health service corporations, and all SCA policies issued by insurance companies, shall provide the following:

1. That a covered person's liability for services rendered during a hospitalization in a network hospital, including, but not limited to, anesthesia and radiology, where the admitting physician is a network provider and the covered person and/or provider has complied with all required preauthorization or notice requirements, shall be limited to the copayment, deductible and/or coinsurance applicable to network services; and

2. That a covered person's liability for services rendered during a hospitalization in a network hospital, including, but not limited to, anesthesia and radiology, where the admitting physician is an out-of-network provider, shall be limited to the copayment, deductible and/or coinsurance applicable to network services.

11:22-5.7 Effect on previously-approved forms

Any form that was filed with and approved by the Commissioner prior to November 3, 2003, but does not meet the requirements of this subchapter, shall be deemed withdrawn immediately and may not be made available for sale or use.

SUBCHAPTER 6. EXCLUSIONS AND PREAUTHORIZATION REQUIREMENTS

Authority

N.J.S.A. 17:1-8.1 and 15e, 17B:27-49g and 26:2J-43h.

Source and Effective Date

R.2004 d.80, effective February 17, 2004.
See: 35 N.J.R. 2396(a), 36 N.J.R. 958(a).

11:22-6.1 Purpose and scope

(a) This chapter specifies standards for war and other exclusions and preauthorization requirements in health benefit plans.

(b) This chapter applies to any insurance company, health service corporation, medical service corporation, hospital service corporation and health maintenance organization that issues health benefit plans in New Jersey.

11:22-6.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Act of war” means any act peculiar to military, naval or air operations in time of war.

“Carrier” means an insurance company, health service corporation, hospital service corporation, medical service

corporation, or health maintenance organization authorized to issue health benefit plans in this State.

“Covered person” means a person on whose behalf a carrier is obligated to pay benefits or provide services pursuant to the health benefits plan.

“Health benefits plan” means any hospital and medical expense insurance policy or certificate; health, hospital, or medical service corporation contract or certificate; or health maintenance organization subscriber contract or certificate delivered or issued for delivery in this State by any carrier. For purposes of this subchapter, “health benefits plan” shall not include one or more, or any combination of, the following: coverage only for accident or disability income insurance, or any combination thereof; coverage issued as a supplement to liability insurance; liability insurance, including general liability insurance and automobile liability insurance; credit-only insurance; coverage for on-site medical clinics; and other similar insurance coverage, as specified in Federal regulations, under which benefits for medical care are secondary or incidental to other insurance benefits. Health benefit plans shall not include the following benefits if they are provided under a separate policy, certificate or contract of insurance or are otherwise not an integral part of the plan: limited scope dental or vision benefits; benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; and such other similar, limited benefits as are specified in Federal regulations. Health benefit plans shall not include hospital confinement indemnity coverage if: the benefits are provided under a separate policy, certificate or contract of insurance; there is no coordination between the provision of the benefits and any exclusion of benefits under any group health benefits plan maintained by the same plan sponsor; and those benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor. Health benefits plan shall not include the following if it is offered as a separate policy, certificate or contract of insurance: Medicare supplemental health insurance as defined under section 1882(g)(1) of the Federal Social Security Act (42 U.S.C. § 1395ss(g)(1)); and coverage supplemental to the coverage provided under chapter 55 of Title 10, United States Code (10 U.S.C. §§ 1071 et seq.); and similar supplemental coverage provided to coverage under a group health plan.

“Home area” means the 50 states of the United States of America, the District of Columbia and Canada.

“Preauthorization” means the process by which carriers determine the medical necessity and/or medical appropriateness of otherwise covered treatments and procedures prior to the rendering of such treatments and procedures including, but not limited to, preadmission review, pretreatment review, utilization and case management.

“War” includes, but is not limited to, declared war, and armed aggression by one or more countries resisted on orders of any other country, combination of countries or international organization.

11:22-6.3 War exclusions

(a) The Department shall permit war risk exclusions in health benefit plans only if they consist of military exclusions, noncombatant exclusions and/or civilian exclusions. Military, noncombatant and civilian exclusions shall be no more restrictive than the following:

1. Military exclusions may exclude treatment of illness or injury suffered:

i. As a result of war or an act of war, if the illness or injury occurs while the covered person is serving in the military, naval or air forces of any country, combination of countries or international organization; and

ii. As a result of the special hazards incident to service in the military, naval or air forces of any country, combination of countries or international organization, if the illness or injury occurs while the covered person is serving in such forces and is outside the home area.

2. Non-combatant civilian exclusions may exclude treatment of injury or illness suffered:

i. As a result of war or an act of war while the covered person is serving in any civilian non-combatant unit supporting or accompanying any military, naval or air forces of any country, combination of countries or international organization; and

ii. As a result of the special hazards incident to service in any civilian non-combatant unit supporting or accompanying such forces, provided the illness or injury occurs while the covered person is serving in such unit and is outside the home area.

3. Civilian exclusions may exclude treatment of illness or injury suffered as a result of war or an act of war while the covered person is not in the military, naval or air forces of any country, combination of countries or international organization or in any civilian non-combatant unit supporting or accompanying such forces, if the illness or injury occurs outside the home area.

11:22-6.4 Requirements for preauthorization provisions

Preauthorization provisions may be included in health benefit plans only upon compliance with the requirements of N.J.A.C. 11:4-42.8, except for N.J.A.C. 11:4-42.8(a)5.

11:22-6.5 Effect on previously filed forms

Forms filed before February 17, 2004 with noncomplying war exclusions and/or preauthorization provisions shall be administered in accordance with the standards of N.J.A.C. 11:22-6.3 and 6.4 and shall be deemed withdrawn as of January 1, 2005.

**APPENDIX
EXHIBIT A**

ORGANIZED DELIVERY SYSTEM

**LICENSURE AND EXEMPTION FROM LICENSURE
APPLICATION**

INSTRUCTIONS

A checklist of documents to be submitted by an organized delivery system that assumes financial risk and seeks licensure or exemption from licensure pursuant to N.J.S.A. 17:48H-11 follows.

The application asks the applicant to specify whether it seeks licensure or expects to file for exemption. Where exemption is requested, the applicant should complete the application including an explanation as to how the exposure to financial loss is limited in amount or likelihood.

The checklist of required documents is divided into three sections:

Part A - the Application Cover Sheet,
organizational information and
standard forms of contracts;

Part B - financial information;

Part C – quality of care information,

Additional information may be required for review by the Commissioner of Banking and Insurance or the Commissioner of Health and Senior Services as deemed necessary in the course of reviewing the information submitted.

Pursuant to N.J.S.A. 17:48H-35, documents provided by the applicant that are deemed by the Commissioner of Banking and Insurance and the Commissioner of Health and Senior Services to be proprietary shall be confidential and shall not be considered public documents. The applicant is asked to identify those documents submitted with the application that it believes to be proprietary in nature by marking them confidential.

When preparing your response, please number each item to correspond with the section and the number of the item on the checklist.

Submit two (2) copies of your application (Parts A, B and C) to:

New Jersey Department of Banking and Insurance
Office of Life and Health
Attn: Organized Delivery System License
20 West State St.
P.O. Box 325
Trenton, NJ 08625-0325

ORGANIZED DELIVERY SYSTEM**LICENSURE AND EXEMPTION FROM LICENSURE
APPLICATION****CHECKLIST OF DOCUMENTS REQUIRED****PART A**

1. The completed Application Cover Sheet (form enclosed).
2. The completed Irrevocable Consent to Jurisdiction of the Commissioner and New Jersey Courts (form enclosed).
3. The completed Appointment of Attorney for the State of New Jersey appointing the Commissioner of Banking and Insurance as attorney for service of process (form enclosed).
4. A copy of the applicant organization's basic organization documents which shall include but not be limited to, articles of incorporation, articles of association, partnership agreement, management agreement, trust agreement or other applicable documents as appropriate to the applicant's form of business entity and all amendments to those documents.
5. A copy of the executed bylaws, rules and regulations, or similar documents, regulating the conduct of the applicant's internal affairs.
6. Biographical Affidavits of the persons who are to be responsible for the conduct of the affairs of the applicant. (form enclosed) This shall include but not be limited to:
 - a) Members of the board of directors, executive committee or other governing board or committee, the principal officers, medical director, if applicable, and any person or entity owning or having the right to acquire 10 percent or more of the voting securities of the applicant;
 - b) In the case of a partnership or association, the names of the partners or members;
 - c) Each person who has loaned funds to the applicant for the operation of its business; and
 - d) A statement of any criminal convictions or civil, enforcement or regulatory action, including actions relating to professional licenses, taken against any person who is a member of the board, the executive committee or other governing board or committee or the principal officers, or the person who is responsible for the conduct of the affairs of the applicant.
7. A business plan consisting of:
 - a) An organizational chart;
 - b) A statement generally describing the applicant, its facilities, personnel, and the health care services to be offered by the organized delivery system;
 - c) A list of the geographical areas in which the services are to be performed and approximate numbers of providers who will provide the services;
 - d) A description of any administrative services for which the applicant will be responsible;
 - e) A list of any affiliate of the applicant that provides services to the applicant in this State and a description of any material transaction between the affiliate and the applicant;
 - f) A description of any arrangements between the applicant and any other organized delivery system or subcontractor for services associated with the provision of health care services;
 - g) A description of any reinsurance or stop loss arrangements;
 - h) A plan, in the event of insolvency of the organized delivery system, for continuation of the health care services to be provided for under the contracts;
 - i) A description of the means by which the organized delivery system will be compensated under contracts with carriers;
 - j) A description of the arrangement for the applicant's reporting of data to the carriers and a description of the carriers' oversight responsibilities.

8. A copy of the standard form of any provider agreement made or to be made between the applicant and any providers relative to the provision of health care services.
9. A copy of the form of any contract between the applicant and any other ODS or subcontractor for services associated with the provision of health care services.
10. A copy of the form of any contract made or to be made between the applicant and any carrier for the provision of or arrangement to provide health care services, which contract shall contain provisions establishing the respective duties of the carrier and the applicant with respect to compliance with N.J.S.A. 26:2S-1 et seq.
11. A list of all administrative, civil or criminal actions and proceedings to which the applicant, or any of its affiliates, or persons who are responsible for the conduct of the affairs of the applicant or affiliate, have been subject and the resolution of those actions and proceedings. If a license, certificate or other authority to operate has been refused, suspended or revoked by any jurisdiction, the applicant shall provide a copy of any orders, proceedings and determinations relating thereto.
12. A list of all states in which the applicant has been or currently is doing business as described in the application.

9. Contact Person _____

10. Phone Number () _____

11. Toll Free Number () _____

12. Fax Number () _____

13. E-Mail Address _____

14. Resident Status _____ Resident of New Jersey
 _____ County in which Home Office is located for NJ Residents
 _____ Non-Resident of New Jersey

Certification

I (Name and Title) certify that I am authorized to file this certification on behalf of the applicant, the information set forth in the enclosed application and herein is true to the best of information, knowledge and belief, and that the Department of Banking and Insurance and Department of Health and Senior Services may rely on the information set forth in the application and herein in determining whether to grant a license pursuant to N.J.S.A. 17:48H-1 et seq.

I further certify that _____ is familiar and will comply with the requirements set forth in N.J.S.A. 17:48H-1 et seq. and N.J.A.C. 11:22-3.
(Name of Applicant)

Signature of Applicant

Full Legal Name (Type or Print)

Title

Date

IRREVOCABLE CONSENT TO JURISDICTION OF THE COMMISSIONER AND NEW JERSEY COURTS

THE STATE OF _____ }

}KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF _____ }

That _____ of (name of applicant)

_____ is filing herewith its application for a license or a certificate (circle as (domiciliary city and state)

appropriate) to operate as an organized delivery system in the State of New Jersey,

That, upon issuance of said license by the Commissioner of Banking and Insurance;

_____ shall consent to the jurisdiction of the (name of applicant)

Commissioner of Banking and Insurance and all New Jersey courts in relation to any transactions or other activity subject to regulation under N.J.S.A. 17B:48H-1 et seq. and all other applicable New Jersey statutes or rules; and

That such consent to the jurisdiction of the Commissioner of Banking and Insurance and the New Jersey courts shall be and remain irrevocable for as long as

_____ possesses a license from the Commissioner of Banking and Insurance or (name of applicant) engages in business as an organized delivery system in or from the State of New Jersey, and until all contractual obligations in the State of New Jersey are satisfied.

Witness our hands and the impress of the seal of said applicant, this _____ day of _____, 20_____.

(Corporate Seal--if applicable)

(Signature) President
(or authorized representative)

Attest:

(Print or Type Name)

(Signature) Secretary
(or authorized representative)

(Print or Type Name)

Appointment of Attorney for the State of New Jersey

KNOW ALL MEN BY THESE PRESENTS: That the _____ of the _____ of _____ in the _____ of _____, desiring to do business in the State of New Jersey in conformity with the laws thereof, hereby, constitutes and appoints the Commissioner of Banking and Insurance of New Jersey, and his or her successor in office, to be its true and lawful Attorney, upon whom all original process in any action or legal proceeding against said _____ may be served. And the said _____ hereby stipulates and agrees that any original process against it, which is served upon said Attorney, shall be of the same legal force and validity as if served upon said _____, and that the authority of said Attorney shall continue in force irrevocable so long as any liability of said _____ remains outstanding in New Jersey.

IN WITNESS WHEREOF, the said _____ has caused these presents to be subscribed by its President, and attested by its Secretary, and its corporate seal to be hereunto affixed, this _____ day of _____ 20_____.

(Corporate Seal--if applicable)

President
(or authorized representative)

(Print or Type Name)

Attest:

Secretary
(or authorized representative)

(Print or Type Name)

BIOGRAPHICAL AFFIDAVIT

(Print or Type)

Full Name and Address of Applicant (Do not use Group Names) _____

In connection with the above-named applicant, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS 'NO' OR 'NONE', SO STATE.

1. Affiant's Full Name* (Initials not acceptable). _____

2. Have you ever had your name changed? _____ If yes, give the reason for the change.

a) Other names used at any time. _____

3. Affiant's Social Security Number*. _____

4. Date and place of birth. _____

5. Affiant's business address. _____
Business telephone. _____

6. List your residences for the last ten (10) years starting with your current address, giving:
DATE ADDRESS CITY and STATE

7. Education: dates, names, locations and degrees.
a) College. _____

b) Graduate Studies. _____

c) Others. _____

* These items may be submitted on a separate form to maintain confidentiality.

8. List of memberships in professional societies and associations. _____

9. Present or proposed position with the applicant. _____

10. List complete employment record (up to and including present jobs, positions, directorates or officerships) for the past twenty (20) years, giving:

DATE	EMPLOYER and ADDRESS	TITLE

11. Present employer may be contacted. _____ Yes _____ No
Former employers may be contacted. _____ Yes _____ No

12. Have you ever been in a position that required a fidelity bond? _____ If any claims were made on the bond, give details.

a) Have you ever been denied an individual or position schedule fidelity bond, or had a bond canceled or revoked? _____ If yes, give details. _____

13. List any professional, occupational and vocational licenses issued by any public or governmental licensing agency or regulatory authority which you presently hold or have held in the past (state date license issued, issuer of license, date terminated, reasons for termination).

14. During the last ten (10) years, have you ever been refused a professional, occupational or vocational license by any public or governmental licensing agency or regulatory authority, or has any such license held by you ever been suspended or revoked? _____ If yes, give details. _____

15. List any insurers, prepaid dental plans, health service corporations or health maintenance organizations, in which you control directly or indirectly or own legally or beneficially 10% or more of the outstanding stock (in voting power). _____

If any of the stock is pledged or hypothecated in any way, give details. _____

16. Will you or members of your immediate family subscribe to or own, beneficially or of record, shares of stock of the applicant-organized delivery system or its affiliates? _____. If any of the shares or stock are pledged or hypothecated in any way, give details. _____

17. Have you ever been adjudged a bankrupt? _____

18. Have you ever been convicted or had a sentence imposed or suspended or had pronouncement of a sentence suspended or been pardoned for conviction of or pleaded guilty or *nolo contendere* to an information or indictment, charging any felony, or charging a misdemeanor involving embezzlement, theft, larceny or mail fraud, or charging a violation of any corporate securities statute or any insurance law, or have you been a subject of any disciplinary proceedings of any federal or state regulatory agency? _____ If yes, give details. _____

a) Has any company been so charged, allegedly as a result of any action or conduct on your part? _____ If yes, give details. _____

19. Have you ever been an officer, director, trustee, investment committee member, key employee or controlling stockholder of any insurer, prepaid dental plans, health service corporations or health maintenance organizations, which, while you occupied such a position or capacity with respect to it, became insolvent or was placed under supervision or in receivership, rehabilitation, liquidation or conservatorship? _____

20. Has the certificate of authority or license to do business of any insurer, prepaid dental plans, health service corporations or health maintenance organizations, of which you were an officer or director or key management person ever been suspended or revoked while you occupied such position? _____ If yes, give details.

Dated and signed this _____ day of _____ at _____. I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to be best of my knowledge and belief.

(Signature of Affiant)

State of _____

County of _____

Personally appeared before me the above named _____ personally known to me, who, being duly sworn, deposes and says that he executed the above instrument and that the statements and answers contained therein are true and correct to the best of his knowledge and belief.

Subscribed and sworn to before me this _____ of _____ 20_____.

(Notary Public)

My Commission Expires _____

ORGANIZED DELIVERY SYSTEM**LICENSURE AND EXEMPTION FROM LICENSURE
APPLICATION****CHECKLIST OF DOCUMENTS REQUIRED****PART B**

1. A copy of the applicant's most recent financial statements audited by an independent certified public accountant. If the financial affairs of the applicant's parent company are audited by an independent certified public accountant, but those of the applicant are not, then a copy of the most recent audited financial statement of the applicant's parent company, audited by an independent certified public accountant, shall be submitted. A consolidated financial statement of the applicant and its parent company shall satisfy this requirement unless the Commissioner determines that additional or more recent financial information is required.
2. A copy of the applicant's financial plan, including:
 - a) A three-year projection of anticipated operating results, on a statutory basis in accordance with the NAIC Accounting Practices and Procedures Manual (or for one year beyond the anticipated "break-even" year). The projections shall be on a quarterly basis for the first year, and on an annual basis for the subsequent years;
 - b) A description of the assumptions used in the projections that shall include an explanation of each line item;
 - c) A statement of the sources of working capital and any other sources of funding and provisions for contingencies.
3. A copy of each reinsurance or stop loss contract.

ORGANIZED DELIVERY SYSTEM**LICENSURE AND EXEMPTION FROM LICENSURE
APPLICATION****CHECKLIST OF DOCUMENTS REQUIRED****PART C**

1. With respect to each contract made or to be made between the applicant and any other person who will provide comprehensive or limited health care services:
 - a) A list of all participating providers by county, municipality and zip code, accompanied by maps of the service area identifying the location of these providers by address. This list shall include the names of all health care professionals, physicians (by specialty and with hospital affiliation, if applicable), hospitals, health care facilities, and ancillary providers to provide health care services, including affiliates as listed in "c" below (the persons who are to provide the health care services, and the geographical area in which they are located and in which the services are to be performed);
 - b) The criteria regarding geographic accessibility and availability of the health care provider network as related to the carrier's enrollment projections and the criteria to be used to maintain the appropriate numbers and types of providers as enrollment increases;
 - c) A list of any affiliate of the applicant that provides services to the applicant in this State and a description of any material transaction between the affiliate and the applicant;
 - d) A detailed description of all health care services and/or benefits to be offered or proposed to be offered and a detailed description of all administrative services for which the applicant will be responsible;
 - e) A description and a flow chart of the complaint and appeal procedures as delineated in N.J.A.C. 8:38A-4.6, if applicable;
 - f) A description and a flow chart of the continuous quality improvement program as delineated in N.J.A.C. 8:38A-3.8, if applicable;
 - g) A description and a flow chart of the utilization management program, including the process for appealing utilization management determinations as delineated in N.J.A.C. 8:38A-3.4 – 3.7, 4.11 and 4.12, if applicable;
 - h) A description and a flow chart of the provider credentialing program as delineated in N.J.A.C. 8:38A-4.5;
 - i) A description of the arrangement for the applicant's reporting of data to the carrier and a description of the arrangement for the carrier's oversight responsibilities;
 - j) A description of the method by which enrollees and providers will be informed of changes in the health care delivery system and/or network, if applicable;
 - k) A plan, in the event of the insolvency of the organized delivery system, for continuation of the health care services to be provided for under the contract;
 - l) A description of the means by which the organized delivery system shall be compensated for each contract entered into with a carrier;
 - m) A description and a flow chart of how emergency/urgent medical services will be available 24 hours a day, seven days a week; and
 - n) The attached tables immediately following.

**TABLE 1: SUMMARY OF PHYSICIANS BY COUNTY
(INDICATE NUMBER OF PROVIDERS IN EACH COUNTY)**

Type of Provider	New Jersey Counties																			STATE-WIDE		
	A T L	B E R	B U R	C A M	C A P	C U M	E S S	G L O	H U D	H U N	M E R	M I D	M O N	M O R	O C E	P A S	S A L	S O M	S U S		U N I	W A R
A. PRIMARY CARE PHYSICIANS																						
1. Family Practice																						
2. General Practice																						
3. Internal Medicine																						
4. Pediatrics																						
Subtotal																						
B. SPECIALTY CARE PHYSICIANS																						
1. Cardiologist																						
2. Dermatologist																						
3. Endocrinologist																						
4. Immunologist/Allergist																						
5. Infectious Disease Specialist																						
6. Gastroenterologist																						
7. General Surgeon																						
8. Nephrologist																						
9. Neurologist																						
10. Obstetrician/Gynecologist																						
11. Oncologist/Hematologist																						
12. Ophthalmologist																						
13. Orthopedist																						
14. Oral Surgeon																						
15. Otolaryngologist																						
16. Physiatrist																						
17. Psychiatrist																						
18. Pulmonologist																						
19. Urologist																						
20. Other MD/DO Only (Please Specify)																						
Subtotal																						

**TABLE 3: SUMMARY OF ANCILLARY, TERTIARY AND SPECIALIZED PROVIDERS BY COUNTY
(INDICATE NUMBER OF PROVIDERS IN EACH COUNTY)**

Type of Provider	New Jersey Counties																				STATE - WIDE	
	A T L	B E R	B U R	C A M	C A P	C U M	E S S	G L O	H U D	H U N	M E R	M I D	M O N	M O R	O C E	P A S	S A L	S O M	S U S	U N I		W A R
A. ANCILLARY PROVIDERS																						
1. Optometrists																						
2. Physical Therapy Centers																						
3. Psychologists																						
4. Occupational Therapy Centers																						
5. Speech Therapy Centers																						
6. Audiology Centers																						
7. Laboratory Centers																						
8. Diagnostic Radiology Centers																						
9. Home Health Agencies																						
10. MRI Centers																						
11. Other (Please Specify)																						
B. TERTIARY AND SPECIALTY																						
1. Level I and II Trauma Centers																						
2. Perinatal Service Facilities																						
3. Tertiary Pediatric Centers																						
4. Inpatient Adult Psychiatric Facilities																						
5. Outpatient Adult Psychiatric Centers																						
6. Inpatient Pediatric Psychiatric Facilities																						

EXHIBIT B
ORGANIZED DELIVERY SYSTEMS
EXAMPLES

Example 1.

Nature of Services

Carrier contracts with Contractor to provide and/or arrange for the provision of certain mental health and substance abuse services to individuals covered by the Carrier's benefit plans.

Method of Payment

Carrier pays Contractor an administrative fee on a per Member Per Month basis. The Carrier is responsible for depositing amounts to pay for mental health and substance abuse services into a bank account designated by a claims administrator. The carrier is responsible for adequately funding the account, which will be used to pay claims for services received by covered persons. Providers are paid on a fee for service basis.

Determination

The Contractor is an Organized Delivery System providing limited health care services. However, the Contractor receives only an administrative fee and the Carrier is responsible for all claim costs, the Contractor does not assume financial risk. Therefore, the Contractor must apply to the Department of Health and Senior Services for Certification as an Organized Delivery System.

Example 2.

Nature of Services

Carrier contracts with Contractor to provide and/or arrange for the provision of certain mental health and substance abuse services to individuals covered by the Carrier's benefit plans.

Method of Payment

Carrier pays Contractor an administrative fee on a Per Member Per Month basis subject to adjustments based on a comparison of actual claim costs to target claim costs. The Carrier is responsible for depositing amounts to pay for mental health and substance abuse services into a bank account designated by an administrator. Such funds will be used to pay claims for services received by covered persons. Providers are paid on a fee for service basis.

Determination

The Contractor is an Organized Delivery System providing limited health care services. Since the Contractor shares the risk for claim costs through adjustments to the administrative fee, the Contractor does assume financial risk. Therefore, the Contractor must apply to the Department of Banking & Insurance for licensure as an Organized Delivery System or, upon demonstration that the risk is de minimis, exemption from licensure. If the Department of Banking & Insurance agrees that the risk is de minimis, the Carrier will be required to obtain Certification as an Organized Delivery System from the Department of Health & Senior Services.

Example 3.

Nature of Services

Carrier contracts with a physician hospital organization ("PHO") for comprehensive health care services. The PHO contracts with hospitals and physicians to provide a network for delivery of services. In some cases the PHO does not contract directly with physicians, but instead contracts with individual practice associations ("IPA"), which in turn contract with physicians other than its shareholders to provide services.

Method of Payment

Carrier pays the PHO a Per Member Per Month fee. The PHO reimburses the hospitals on a reduced fee for service basis or on a case rate basis. Generally, the physicians are paid on a capitation basis, however specialists are reimbursed on a reduced fee for service basis. The IPAs, which are paid a Per Member per Month fee, pay physicians on a capitation basis, and also reimburse specialists on a reduced fee for service basis.

Determination

The PHO is an Organized Delivery System providing comprehensive health care services and assuming financial risk. Therefore, the PHO must apply to the Department of Banking and Insurance for licensure as an Organized Delivery System. The IPAs, which indirectly provide a network of providers to the carrier, are also risk assuming and must apply for licensure as Organized Delivery Systems.

EXHIBIT C

Organized Delivery System

Request for Withdrawal of Funds from Segregated Account

Name of Organized Delivery System: _____

Contact information of individual to whom correspondence concerning this request should be addressed:

Name _____

Title _____

Address _____

Telephone Number _____

Fax Number _____

Amount of proposed withdrawal: _____

The proposed date of withdrawal: _____

Form of payment (cash or other assets): _____

The amounts and dates and forms of payment for all withdrawals (including withdrawals made pursuant to N.J.A.C.11:22-4.8(d) which did not exceed 10% of total net worth of the segregated account) made within the period of 12 months preceding the proposed date of withdrawal.

For the quarter immediately preceding:

Total Assets in Segregated Account at end of quarter: _____

Net Worth of Segregated Account at end of quarter: _____

Required Net Worth at end of quarter: _____

For the quarter following the withdrawal:

Projected assets in Segregated Account at end of quarter: _____

Projected Net Worth of Segregated Account at end of quarter: _____

Projected required Net Worth at end of quarter: _____

A brief statement as to the effect of the proposed withdrawal upon the organized delivery system's net worth and the reasonableness of net worth in relation to the organized delivery system's outstanding liabilities and the adequacy of net worth relative to the organized delivery system's financial needs.

Signature and certification:

SIGNATURE

Pursuant to the requirements of N.J.A.C. 11:22-4.8(d), _____ has caused this notice to be duly signed on its behalf in the City of _____ and State of _____ on the _____ day of _____, 20____.

(SEAL) _____
Name of Applicant

BY _____
(Name) (Title)

Attest:

(Signature of Officer)

(Title)

CERTIFICATION

The undersigned deposes and says that (s)he has duly executed the attached notice dated _____, 20____, for and on behalf of _____; that (s)he is the _____ of such company
(Name of Company) (Title of Officer)

and that (s)he is authorized to execute and file such instrument. Deponent further says that (s)he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

(Signature) _____

(Type or print name beneath) _____