# CHAPTER 24B

# ORGANIZED DELIVERY SYSTEMS

**Authority**

N.J.S.A. 17:1-8.1, 17:1-15e and 17:48H-1 et seq.

**Source and Effective Date**

R.2009 d.243, effective July 8, 2009.
See: 40 N.J.R. 6529(a), 41 N.J.R. 2965(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 24B, Organized Delivery Systems, expires on July 8, 2016. See: 43 N.J.R. 1203(a).

**Chapter Historical Note**

Chapter 38B, Organized Delivery Systems, was adopted as new rules by R.2004 d.70, effective February 17, 2004. See: 35 N.J.R. 545(b), 36 N.J.R. 962(a).

Pursuant to Reorganization Plan No. 005-2005, Chapter 38B of Title 8, Organized Delivery Systems, was recodified as Chapter 24B of Title 11, effective October 6, 2006. See: 37 N.J.R. 2737(a), 38 N.J.R. 4721(a).

Chapter 24B, Organized Delivery Systems, was readopted as R.2009 d.243, effective July 8, 2009. As part of R.2009 d.243, Appendix Exhibits 3 through 8 were repealed, effective August 3, 2009. See: Source and Effective Date. See, also, section annotations.

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## SUBCHAPTER 1. GENERAL PROVISIONS

### 11:24B-1.1 Scope

(a) This chapter shall apply to all organized delivery systems required by the Act to become a certified organized delivery system, and to all organized delivery systems required by the Act to become licensed, except where the language of the chapter clearly indicates otherwise. A non-exhaustive list of examples of entities that are subject to this chapter is set forth in Exhibit 9 of the Appendix to this chapter, incorporated herein by reference.

(b) This chapter shall apply to all carriers offering health benefits plans, except where the language of the chapter clearly indicates otherwise.

**11:24B-1.2 Definitions**

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

"Act" means P.L. 1999, c.409; as codified, N.J.S.A. 17:48H-1 et seq., enacted January 18, 2000, and any subsequent amendments.

"Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, an organized delivery system.

"Basic organizational documents" means the articles of incorporation, articles of association, partnership agreement, management agreement, trust agreement, or other applicable documents as appropriate to the form of business entity involved, and all amendments to such documents.

"Business subject to the Act" means activities performed by an ODS in accordance with a contract with a carrier related to the provision of health care services under one or more health benefits plans.

"Carrier" means an insurer authorized to transact the business of health insurance as defined at N.J.S.A. 17B:17-4, a hospital service corporation authorized to transact business in accordance with N.J.S.A. 17:48-1 et seq., a medical service corporation authorized to transact business in accordance with N.J.S.A. 17:48A-1 et seq., a health services corporation authorized to transact business in accordance with N.J.S.A. 17:48E-1 et seq., or a health maintenance organization authorized to transact business pursuant to N.J.S.A. 26:2J-1 et seq.

"Case management" means the identification and tracking of the medical condition and medical needs of a carrier's covered person in consultation with health care providers in order to assist in the provision of coordination of health care services and continuity of care.

"Certified organized delivery system" or "CODS" means an ODS that is compensated on a basis that entails no assumption of financial risk, or the assumption of a de minimus financial risk, as established by N.J.A.C. 11:22-4, so as not to require the ODS to become licensed under the Act, but rather, to become certified in accordance with the Act.

"Contract" means, in reference to a contract between an ODS and a carrier or an ODS and a health care provider or other subcontractor engaged in the provision of delivering or allocating health care services, the document representing the core agreement between the parties and all appendixes, amendments, addenda, codicils, manuals or other documents collateral thereto, whether or not specifically incorporated within the contract.

"Control" means, when referring to an ownership interest in or by an organized delivery system or an affiliate, ownership existing in any natural or other legal person through voting securities, contract or otherwise, such that the person has the authority to direct or cause the direction of the management and/or policies of the organized delivery system that is the subject of certification or licensing, or of an affiliate of such organized delivery system.

"Department" means the Department of Banking and Insurance.

"Financial risk" means financial risk as that term is defined by the Department in accordance with N.J.A.C. 11:22-4.

"Health benefits plan" means a contract or policy that pays or provides coverage for hospital or medical services, or payment for expenses therefor, and which is delivered or issued for delivery in this State by or through a carrier. The term "health benefits plan" includes Medicare supplement coverage, risk contracts with Medicare to the extent not otherwise prohibited by Federal law, and any other policy or contract not specifically excluded by statute or this definition. The term "health benefits plan" specifically excludes the following 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 N.J.S.A. 39:6A-1 et seq., or hospital confinement indemnity coverage.

"Licensed organized delivery system" or "LODS" means an ODS that is compensated on a basis that entails the assumption of financial risk by the ODS, other than a *de minimus* financial risk, as established by N.J.A.C. 11:22-3, and that is therefore required to become licensed in accordance with the Act.

"Licensed or otherwise authorized" means licensed or certified by a jurisdiction having legal authority pursuant to statute to issue licenses or certification for the performance of medical, dental or other health care services. The term "licensed or otherwise authorized" shall not include: licensing or certification of an organized delivery system or a similar organization by another state; or, authorization by the Secretary of the State of New Jersey or similar entity in another state, to form a particular type of business structure, whether or not for the performance of, or delivery of, health care services.

"Managed care plan" means a health benefits plan that integrates the financing and delivery of appropriate health care services to covered persons by arrangement with participating providers, who are selected to participate on the basis of explicit standards, to furnish a comprehensive set of health care services and financial incentives for covered persons to use the participating providers and procedures provided for in the plan.

"Management agreement" means the contract between a carrier and a CODS or LODS, except as noted at N.J.A.C. 11:24B-4.1.