

**NEW JERSEY STATE DEPARTMENT OF BANKING AND INSURANCE
INSURANCE DIVISION/OFFICE OF LIFE AND HEALTH
VALUATION BUREAU
POST OFFICE 325
TRENTON, NEW JERSEY 08625**

**WORKERS' COMPENSATION MANAGED CARE ORGANIZATION
APPLICATION (WCMCO)**

Instructions

1. The information requested in this application is based upon the New Jersey Workers' Compensation Managed Care Organizations Rules (N.J.A.C.11:6-2) . Copies of this regulation can be obtained from our website: www.state.nj.us/dobi/managed.htm.

Please submit the application and supporting documentation in a three-ring hardcover binder and identify the submission on the front and spine of the binder.

Complete the application cover sheet and provide all narratives and documents as described in the ensuing sections. Number each narrative and document according to the item number to which it responds. (e.g., II. Organizational/Legal #2- By-Laws). Number each page in the upper right hand corner. Tabs should be inserted indicating each of the major sections of the application. Number all pages consecutively.

3. A check or money order for \$1,500 payable to the New Jersey Department of Banking and Insurance is to accompany the application.
4. If the WCMCO is not domiciled in New Jersey, the application must include a power of attorney duly appointing the Commissioner and his successors in office, and duly authorized deputies, as the true and lawful attorney of such applicant in and for this State upon whom all lawful process in any legal action or proceeding against the WCMCO on a cause of action, arising in this State, may be served.
5. a. Two copies of the application must be submitted to:

**New Jersey Department of Banking and Insurance
Life and Health Division
Valuation Bureau
P. O. Box 325
20 West State Street
Trenton, NJ 08625-0325**

WORKERS' COMPENSATION

MANAGED CARE ORGANIZATION (WCMCO)
APPLICATION FOR A CERTIFICATE OF AUTHORITY
COVER SHEET

1. Name of WCMCO

2. Affiliated Company(s)

3. Address

4. City

5. County

6. State

7. Zip Code

8. Telephone Number

9. Chief Executive Officer

10. Proposed counties of operations

11. Anticipated date of operation in New Jersey

12. WCMCO Fiscal Year (Reporting must be on a calendar year basis).

I certify that all information and statements made in this application are true,
complete and current to the best of my knowledge and belief.

13. Name and Title

14. Signature

15. Date

16. WCMCO's Communication Liaison

I. **General**- Description and history of the WCMCO. Also include a detailed

description of the WCMCO's experience with management of health care costs associated with Workers' Compensation and other health claims. The geographical service area, designated by county, in which the WCMCO will operate.

II. Organizational/Legal- The following documentation must be submitted in accordance with N.J.A.C.11:6-2.5 (b)

1. Articles of Incorporation-Authority to do business in New Jersey
2. By-Laws
3. List of owners (and investors)
4. A diagram illustrating functional responsibilities within the WCMCO and subcontracted entities and the functions they perform.
5. An organizational chart reflecting all affiliated companies
6. Address of the WCMCO's place of business
7. The most recent audited financial report and the last three quarters unaudited financial reports.
 - An audited financial report for all subcontracted entities for the year immediately preceding the application. See 11:6-2.15
8. List of Board members (names, addresses and occupations)
9. Names, titles and biographical affidavits of senior management personnel
Biographical affidavit form may be found at
(<http://www.naic.org/aaa/forms/forms.htm>)
10. Medical Director Certification and biographical affidavit
11. Identity of Communications Liaison for the Department, employers, employees and insurer.
12. A list of all in-force insurance
13. Description of the grievance system
14. Copies of executed contracts between the WCMCO and the insurer.

III. Health Care Services

1. Summary description of the health care delivery systems and how accessibility, quality and utilization controls will be assured. The geographical service areas designated by county. A listing of the number of providers by specialty and county. Include the physician profile analysis. Indicate the method by which your network will be expanded or modified based on location of new customers' work sites.
2. A provider directory organized by county. A map of the service area, indicating the location of the providers by type.
3. **Contracted Networks and Subcontracted Networks:** Copies of the agreements between the WCMCO and any provider networks.
4. **Executed Physician Contracts:**

There must be executed physician contracts sufficient in number and geographical distribution so as to assure accessibility for that number of enrollees projected for the end of the first year of operations. The WCMCO shall maintain an adequate number of Care Coordinator Physicians to provide the level and quality of medical treatment and services required under the Workers' Compensation. In lieu of executed contracts for specialists, secondary, tertiary hospital and the other services, there must be a detailed description of how all services will be arranged for and coordinated with Care Coordinator Physicians including a detailed listing of all hospital admitting privileges. When an WCMCO's service area comprises more than one county, there must be executed contracts for at least the Care Coordinator Physicians in each county and in lieu of executed contracts for the other services there must be a detailed explanation of how the WCMCO proposes to arrange for coordinate those services within each county, (also complete Tables on website for WCMCO's.

5. **Provider Agreements** 11:6-2.10 –A complete set of the provider agreements in use. Provider agreements should include the follow clauses:

- The term of agreement
- The services and supplies to be provided and amounts paid to the provider
- A statement of non discrimination in treatment of covered persons
- A hold harmless clause
- Malpractice insurance coverage in the amount of not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

6. **Malpractice Certification**-A signed certification that all the providers in the provider directory have obtained the \$1,000,000/\$3,000,000 malpractice insurance coverage.

7. A map detailing location of care coordinator physicians, frequently used specialists and in-patient care sites.

8. A map indicating location of potential customers' work sites.

9. **Quality Assurance** - Submit a detailed explanation of how the WCMCO will monitor and control quality of care for all its members including:

- A system for monitoring problems and complaints
- A program which specifies the criteria and process for physician peer review
- A standardized medical recordkeeping system designed to facilitate entry of information into computerized databases for quality assurance
- A description of the programs under the direction of a case manager detailing the cooperative efforts of workers, the employer, the insurer and the WCMCO organization to promote early return to work.

10. **Utilization Controls**- Submit a detailed explanation of how the WCMCO will

monitor utilization as well as develop controls specifically for under-treatment and/or over-utilization, as may occur with:

- ❑ Physician services
- ❑ Hospital services
- ❑ Lab services
- ❑ Therapeutic services
- ❑ X-ray services
- ❑ Out-of-area services

11. **Fraud Detection** (11:6-2.11)- Please provide a description of the fraud detection plan, including measures for detecting and reporting possible fraud on the part of injured workers, employers, medical providers and others. The fraud detection plan shall be a written plan and shall include:

- ❑ Identification of items that trigger investigation into fraud and abuse
- ❑ Identification of frequent fraud areas and methods for detecting fraud
- ❑ Mechanisms for receiving input on worker, employer and provider problems and concerns regarding fraud or abuse
- ❑ Procedures for investigating and reporting suspected fraud.
- ❑ A description of the method the WCMCO shall coordinate its fraud detection plan with the worker's compensation insurer's fraud prevention plan.

12. **Treatment Standards and Protocols** (11:6-2.12) –A description of the WCMCO treatment standards and protocols that will govern the medical treatment rendered by all medical service providers, including care coordinator physicians.
(N.J.A.C.11:6-2.12)

- ❑ The patient receives initial treatment by a participating physician within 72 hours of notification (depending on the nature of the injury/illness).
- ❑ The patient receives initial treatment by a participating physician within five (5) working days or as soon as possible following treatment by a physician outside of the WCMCO network.
- ❑ The patient receives screening and treatment if necessary by an WCMCO physician in cases requiring in-patient hospitalization.
- ❑ The patient be directed to a medical service provider within a reasonable distance from the worker's place of employment.
- ❑ The patient receives treatment by a non-WCMCO provider at the direction of the care coordinator physician when the worker resides outside the WCMCO's geographical service area.
- ❑ The patient receives specialized medical services that the WCMCO is not

otherwise able to provide. The application must include a description of the places and protocol of providing such specialized medical care.

- ❑ **Emergency Care (11:6-2.12) #7-** Submit a detailed description of how emergency medical services will be available 24 hours a day, seven days a week. Procedures that provide in a potentially life threatening condition, the 911 emergency response system should be called.

13. **Early Return To Work (11:62.13)** - The program should be based on a written plan which shall include at a minimum:

- ❑ A description of the program under the direction of a case manager involving cooperative efforts by the workers, the employer, the insurer and the WCMCO to promote early return to work for injured workers.
- ❑ Specification of back-to work standards and procedures to facilitate an early return to work.
- ❑ Mechanisms to reduce the total claim costs of lost wages; medical costs; length of worker's disability and lost work days.
- ❑ Evidence of sufficient numbers of case managers to ensure that injured workers medically ready, for return to work, receive services as described by 11:6-2.13 (c)

14. **Peer Review and Utilization review programs (11:6-2.14 a)** –A program providing adequate methods of peer review and utilization review.

- ❑ Pre admission review program
- ❑ Individual case management program
- ❑ Physician profile analysis
- ❑ Concurrent review programs
- ❑ Retrospective review programs
- ❑ Second surgical opinion programs

Utilization Review Program (11:6-2.14 b) Identify who will be responsible for the written plan of utilization management. Who will review it annually to assure that the following is in place:

- ❑ Procedures to evaluate clinical necessity, access, appropriateness, and efficiency of services.
- ❑ Clinical review criteria and protocols used in decision-making.
- ❑ Mechanisms to ensure consistent application of review criteria
- ❑ Qualifications of staff who render determinations
- ❑ A description of how and when utilization management staff may be reached
- ❑ Time frames for the various stages of review process so as not to interfere with the provision of care

- ❑ The policy governing the second surgical opinion program, which describes the worker's ability to obtain the opinion of a second physician when non-emergency surgery is recommended.
- ❑ Mechanisms for coordinating and communicating with the quality improvement program and
- ❑ Mechanisms to detect underutilization and overutilization of services

15. Medical Records and Source Documents- Submit specimen copies of:

- ❑ medical record forms
- ❑ referral forms
- ❑ encounter forms
- ❑ other forms used by WCMCO

16. Provider Directories: A list of the names, addresses and specialties of the individual providers that will provide services under the managed care plan. These lists should be arranged by county.

17. A list of the hospitals, rehabilitation centers, clinics and other facilities that will provide medical services.

IV. Marketing

1. Description of initial geographic service area demographics (over all population figure, age/sex mix, target industries, socio/economic factors, etc.) which will affect enrollment.
2. Map of service area (new & existing, if expansion application)
3. Description of marketing strategy (including projected premium savings).
4. Marketing literature, including handbooks, and employer contracts. If final printed copies are not available, final draft or markup copies will be acceptable. Also include the outline of operation of the WCMCO provided to employers.

5. Enrollment Projections:

Quarterly up to the first year following the year in which the Plan proposes to break-even, but no less than three years. These projections must be accompanied by realistic, specific assumptions.

6. A description of the method whereby the WCMCO will provide insurers with information to inform employees of all medical service providers within the plan and method whereby workers may be directed to those providers.

7. The outline of the operation of the WCMCO to be provided to employers explaining their rights and responsibilities.

V. Financial (11:6-2.15)

Satisfactory evidence of the WCMCO's ability to maintain financial viability necessary to deliver services.

1. Most recently audited financial reports, for itself and all subcontracted entities for the year immediately preceding the application, completed on a generally accepted accounting principals (GAAP) basis certified by an independent certified public accountant in accordance with N.J.A.C. 11:2-26.

In accordance with, N.J.A.C. 11:6-2.15(a) 2; if the financial affairs of the WCMCO's parent company are audited on either a GAAP or statutory basis by an independent certified public accountant, but those of the WCMCO are not, then a copy of the audited financial statements of the parent company for the year immediately preceding the application may be submitted in lieu of the WCMCO filing audited financial statements.

2. Applicants shall submit for approval the following information with the audited financial report:
 - ❑ Disclosure of the source of all initial funding:
 - ❑ Quarterly financial projections for the first three years of operations, which shall include a projected balance sheet, statement of revenue and expense, and statement of cash flows
 - ❑ A description of the assumptions used in the financial projections which explain every mayor line item specifically and reasonably
3. Describe the WCMCO's billing, provider reimbursement and collection procedures.
4. Describe the WCMCO's Financial Management Information Systems.
5. Explain other financial control systems: check signing procedures, petty cash controls, bonding policies, etc.

VI. Fee Structure

1. Provide the estimated savings in overall medical costs expected from the use of the WCMCO and the methodology used in arriving at such estimate.
2. Provide actual fee structure.

VII. **Other:** Any other materials specifically requested by the Department of Banking and Insurance or the Department of Health and Senior Services in connection with the application.