

**ADOPTION SECTION**

**INSURANCE**

**DEPARTMENT OF BANKING AND INSURANCE**

**OFFICE OF LIFE AND HEALTH**

**Notice of Readoption**

**Organized Delivery Systems**

**Readoption: N.J.A.C. 11:24B**

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

Authorized By: Peter Hartt, Acting Commissioner, Department of Banking and Insurance.

Effective Date: June 6, 2016.

New Expiration Date: June 6, 2023.

**Take notice** that pursuant to the provisions of N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 11:24B will expire on July 8, 2016. N.J.S.A. 17:48H-1 et seq. (the Act), enacted on January 18, 2000, provides for the certification or licensing of an “organized delivery system” (ODS). An ODS, among other things, is an entity that has the capacity to contract with insurers, health maintenance organizations, and medical, hospital, and health service corporations (collectively referred to as carriers) to provide or arrange the provision of health care services to individuals covered under one or more of a carrier’s health benefits plans delivered in New Jersey. The Act requires that an ODS either become certified by the Department of Health (DOH) or licensed by the Department of Banking and Insurance (Department). An ODS must become licensed if it assumes financial risks. If it does not assume financial risks, the ODS must be certified. At times relevant to the promulgation of N.J.A.C. 11:24B, the DOH Office of Managed Care was

responsible for reviewing applications for certification. DOH promulgated rules to implement the Act, which took effect on February 17, 2004. In 2005, the Office of Managed Care in DOH was transferred to the Department. In 2012, the Act was amended to give the Department formal oversight of applications for certification and, thus, all regulatory oversight of certified and licensed ODS now resides with the Department. The rules, originally codified at N.J.A.C. 8:38B, have been recodified at N.J.A.C. 11:24B.

The rules set forth in N.J.A.C. 11:24B-1 establish general provisions, including the scope of the chapter, definitions, timeframes for compliance, suspension, or revocation of a certification, penalties for violations of the chapter, and confidentiality of information submitted. The rules set forth in N.J.A.C. 11:24B-2 set forth requirements and procedures for the certification and review of ODS applications. The rules set forth in N.J.A.C. 11:24B-3 provide requirements for functional obligations of an ODS, including carriers' and ODSs' mutual obligations to fully comply with certain performance standards, limitations on delegations of duties by carriers, application of statutes and rules to certified and licensed ODSs, and other aspects of a certified ODS's operations. The rules set forth at N.J.A.C. 11:24B-4 establish requirements for management agreements between an ODS and carriers. The rules set forth at N.J.A.C. 11:24B-5 provide requirements for all provider agreements for the delivery of one or more health care services to a carrier's covered person.

The rules contained within N.J.A.C. 11:24B continue to be necessary, reasonable, and proper for the purposes for which they were originally promulgated. Therefore, pursuant to N.J.S.A. 52:14B-5.1.c(1), these rules are readopted and shall continue in effect for a seven-year period.