

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.