

[Fourth Reprint]

SENATE, No. 2443

STATE OF NEW JERSEY

214th LEGISLATURE

INTRODUCED DECEMBER 6, 2010

Sponsored by:

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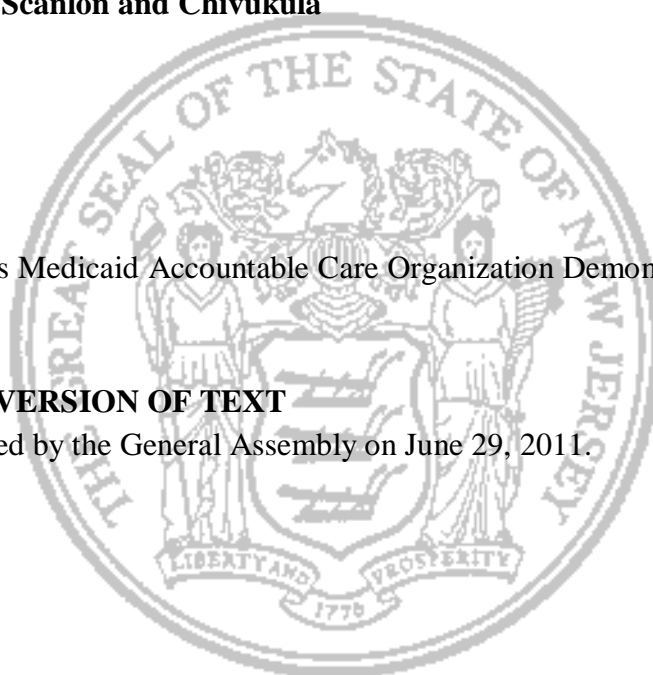
Senators Gordon, Rice, Greenstein, Assemblywomen Handlin, Wagner, Angelini, Assemblyman O'Donnell, Assemblywoman Voss, Assemblymen Gusciora, O'Scanlon and Chivukula

SYNOPSIS

Establishes Medicaid Accountable Care Organization Demonstration Project in DHS.

CURRENT VERSION OF TEXT

As amended by the General Assembly on June 29, 2011.



(Sponsorship Updated As Of: 6/30/2011)

1 AN ACT establishing a Medicaid Accountable Care Organization
2 Demonstration Project and supplementing Title 30 of the
3 Revised Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. The Legislature finds and declares that:

9 a. The current health care delivery and payment system often
10 fails to provide high quality, cost-effective health care to the most
11 vulnerable patients residing in New Jersey, many of whom have
12 limited access to coordinated and primary care services and,
13 therefore, tend to **['seek] delay¹** care **¹, underutilize preventive**
14 **care, seek care¹** in hospital emergency departments or **['are] be¹**
15 admitted to hospitals for preventable problems;

16 b. The Accountable Care Organization (ACO) model has
17 gained recognition as a mechanism that can be used to improve
18 health care quality and **['lower] health outcomes, while lowering¹**
19 the overall costs of medical care by providing incentives to
20 coordinate care among providers throughout a region. Coordination
21 is achieved through initiatives such as creation of patient-centered
22 medical homes, sharing of patient health information among
23 providers, and implementation of care management programs
24 designed to facilitate best practices and improve communication
25 among providers and social services agencies throughout the
26 community;

27 c. Providers participating in the ACO are supported in their
28 efforts to share accountability for the overall quality and cost of
29 care rendered to patients. The ACO provides support for
30 coordination, identification of improvements in **¹health outcomes,**
31 **quality ¹,¹** and cost savings, and the distribution of any overall cost
32 savings achieved, often referred to as “gainsharing,” to the ACO
33 participants in a manner that furthers the goals of the ACO to
34 improve quality and accessibility while reducing **¹or stabilizing¹** the
35 costs of medical care throughout a region;

36 d. The ACO model can facilitate improvements in **¹health**
37 **outcomes,** **quality ¹,¹** and access **¹,¹** and **['reductions in] stabilize**
38 **or reduce¹** the rate of health care inflation while permitting patients
39 to maintain their current health care relationships. The Medicaid
40 ACO Demonstration Project to be established pursuant to this act is
41 specifically intended to: (1) increase access to primary care,
42 behavioral health care, **¹pharmaceuticals,** and dental care by

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SHH committee amendments adopted January 20, 2011.

²Senate SBA committee amendments adopted March 3, 2011.

³Assembly ABU committee amendments adopted June 27, 2011.

⁴Assembly floor amendments adopted June 29, 2011.

1 Medicaid recipients residing in defined regions; (2) improve 'health
2 outcomes and' quality as measured by objective metrics and patient
3 experience of care; and (3) reduce unnecessary and inefficient care
4 without interfering with patients' access to their health care
5 providers or the providers' access to existing Medicaid
6 reimbursement systems. The Medicaid ACO Demonstration Project
7 may provide a model for achievement of improved 'health
8 outcomes,' quality ',¹ and decreased costs that can be replicated in
9 other settings to the benefit of patients and payers throughout New
10 Jersey, but is not intended to inhibit, prevent, or limit development
11 or implementation of alternative ACO models;

12 e. The Medicaid ACO Demonstration Project seeks to address
13 a variety of access, 'health outcomes,' coordination, and service
14 utilization problems that lead to increased health costs. One major
15 goal is to reduce the inappropriate utilization of high-cost
16 emergency care by Medicaid recipients and others, especially where
17 an individual's need is more properly addressed through non-
18 emergency primary care treatment. The Medicaid ACOs shall
19 develop relationships with primary care, behavioral health, dental,
20 'pharmacy,' and other health care providers to develop strategies to:
21 (1) engage these individuals in treatment; (2) promote 'medication
22 adherence and use of medication therapy management, and' healthy
23 lifestyles, including, but not limited to, prevention and wellness
24 activities, smoking cessation, reducing substance use, and
25 improving nutrition; (3) develop skills in help-seeking behavior,
26 including self-management and illness management; (4) improve
27 access to services for primary care and behavioral health care needs
28 through home-based services and telephonic and web-based
29 communication, via culturally and linguistically appropriate means;
30 and (5) improve service coordination to ensure integrated care for
31 primary care, behavioral health care, dental care, and other health
32 care needs ', including prescription drugs';

33 f. It is, therefore, in the public interest to establish a Medicaid
34 ACO demonstration project whereby providers can continue to
35 receive Medicaid ⁴['fee-for-service']⁴ payments ⁴['and other types of
36 Medicaid reimbursement, such as through prospective payment
37 methodologies and supplemental payments made to federally
38 qualified health centers,] from managed care organizations, and, in
39 the case of individuals not enrolled in managed care,'⁴ directly from
40 the Medicaid program, while simultaneously participating in a
41 certified Medicaid ACO designed to improve 'health outcomes,'
42 quality ',¹ and access to care through regional collaboration and
43 shared accountability, and while reducing the costs of medical care
44 throughout a region; and

45 g. The Legislature, therefore, intends to exempt activities
46 undertaken pursuant to the Medicaid ACO Demonstration Project
47 that might otherwise be constrained by State antitrust laws and to

1 provide immunity for such activities from federal antitrust laws
2 through the state action immunity doctrine; however,
3 notwithstanding this subsection, the Legislature does not intend to
4 allow and does not authorize any person or entity to engage in
5 activities or to conspire to engage in activities that would constitute
6 per se violations of State or federal antitrust laws.

7
8 2. As used in this act:

9 "ACO" means an accountable care organization.

10 "Behavioral health care provider" means a provider licensed or
11 approved by the ¹[Division of Mental Health Services or the
12 Division of Addiction Services in the]¹ Department of Human
13 Services to render services to New Jersey residents.

14 ¹"Department" means the Department of Human Services.¹

15 "Designated area" means a municipality or defined geographic
16 area in which no fewer than 5,000 Medicaid recipients reside.

17 ¹"Disproportionate share hospital" means a hospital designated
18 by the Commissioner of Human Services pursuant to Pub.L.89-87
19 (42 U.S.C.1396a et seq.) and Pub.L.102-234.¹

20 "Medicaid" means the Medicaid program established pursuant to
21 P.L.1968, c.413 (C.30:4D-1 et seq.).

22 "Medicaid ACO Demonstration Project" or "demonstration
23 project" means the demonstration project established pursuant to
24 this act.

25 "Primary care provider" includes the following licensed
26 individuals: physicians, physician assistants, advanced practice
27 nurses, and nurse midwives whose professional practice involves
28 the provision of primary care, including internal medicine, family
29 medicine, geriatric care, pediatric care, or obstetrical/gynecological
30 care.

31 "Qualified behavioral health care provider" means a behavioral
32 health care provider who participates in the Medicaid program and
33 renders clinic-based and home-based services to individuals
34 residing in the designated area served by the Medicaid ACO.

35 "Qualified primary care provider" means a primary care provider
36 who participates in the Medicaid program and who spends at least
37 25% of his professional time or 10 hours per seven-day week,
38 whichever is less, rendering clinical or clinical supervision services
39 at an office or clinic setting located within the designated area
40 served by a Medicaid ACO.

41
42 3. a. ¹**[Medicaid]** The Department of Human Services¹ shall
43 establish a three-year Medicaid ACO Demonstration Project in
44 which nonprofit corporations organized with the voluntary support
45 and participation of local general hospitals, clinics, ¹pharmacies,¹
46 health centers, qualified primary care and behavioral health care
47 providers, and public health and social services agencies may apply

1 to ¹**[Medicaid]** the department¹ for certification and participation in
2 the project. ¹**[Medicaid]** The department¹ shall consult with the
3 Department of Health and Senior Services with respect to
4 establishment and oversight of the demonstration project.

5 Nothing in this act shall preclude ⁴the department,⁴ Medicaid
6 managed care organizations, qualified primary care and behavioral
7 health care providers, licensed health care facilities, or any other
8 provider or payer of health care services from participating in other
9 ACOs, ⁴health or behavioral health ACO models,⁴ medical home
10 programs, or projects.

11 b. Applicants for participation in the demonstration project shall
12 be nonprofit corporations created and operated for the primary
13 purpose of improving the quality and efficiency of care provided to
14 Medicaid recipients residing in a given designated area.

15
16 4. a. ¹**[Medicaid]** The department¹ shall accept applications
17 for certification from demonstration project applicants beginning 60
18 days following the effective date of this act, and shall certify an
19 applicant as a Medicaid ACO for participation in the demonstration
20 project following its determination that the applicant meets the
21 requirements specified in this section. ²The department may deny
22 certification of any ACO applicant that the department determines
23 does not meet the requirements of this act. The department may
24 consider applications for approval, including revised applications
25 submitted by an ACO not previously approved to participate in the
26 demonstration project.²

27 b. ¹**[Medicaid]** The department, in consultation with the
28 Department of Health and Senior Services,¹ may certify as many
29 ¹**[Medicaid]**¹ ACOs for participation in the demonstration project
30 as it determines appropriate, but shall certify no more than one
31 ¹**[Medicaid]**¹ ACO for each designated area.

32 c. Prior to certification, a ¹**[Medicaid ACO]**¹ demonstration
33 project applicant shall demonstrate that it meets the following
34 minimum standards:

35 (1) The applicant has been formed as a nonprofit corporation
36 pursuant to the “New Jersey Nonprofit Corporation Act,” P.L. 1983,
37 c.127 (C.15A:1-1 et seq.), for the purposes described in this act;

38 (2) The applicant’s governing board includes:

39 (a) individuals representing the interests of: health care
40 providers, including, but not limited to, general hospitals, clinics,
41 private practice offices, physicians, behavioral health care
42 providers, and dentists; patients; and other social service agencies
43 or organizations located in the designated area; and

44 (b) voting representation from at least two consumer
45 organizations capable of advocating on behalf of patients residing
46 within the designated area of the ACO. At least one of the
47 organizations shall have extensive leadership involvement by

1 individuals residing within the designated area of the ACO, and
2 shall have a physical location within the designated area.
3 Additionally, at least one of the individuals representing a consumer
4 organization shall be an individual who resides within the
5 designated area served by the ACO;

6 (3) The applicant has support of its application by: all of the
7 general hospitals located in the designated area served by the ACO;
8 no fewer than 75% of the qualified primary care providers located
9 in the designated area; and at least ~~'[two]~~ four¹ qualified
10 behavioral health care providers located in the designated area;

11 (4) The applicant has a ~~'[mechanism]~~ process¹ for receipt of
12 gainsharing payments from ~~'[Medicaid]~~ the department¹ and any
13 voluntarily participating Medicaid managed care organizations, and
14 the subsequent distribution of such gainsharing payments in
15 accordance with a quality improvement and gainsharing plan to be
16 approved by ~~'[Medicaid]~~ the department, in consultation with the
17 Department of Health and Senior Services¹;

18 (5) The applicant has a process for engaging members of the
19 community and for receiving public comments with respect to its
20 gainsharing plan; ~~³[and]~~³

21 (6) The applicant has a commitment to become accountable for
22 the 'health outcomes,¹ quality, cost, and access to care of Medicaid
23 recipients residing in the designated area for a period of at least
24 three years following certification ~~³; and~~

25 (7) The applicant has a commitment to ensure the use of
26 electronic prescribing and electronic medical records by health care
27 providers located in the designated area³.

28 ²d. Nothing in this act shall be construed to prevent the
29 department from certifying an applicant as a Medicaid ACO that
30 also participates in a Medicare ACO demonstration project
31 approved by the federal Centers for Medicare and Medicaid
32 Services.²

33
34 5. a. A certified Medicaid ACO shall be eligible to receive and
35 distribute gainsharing payments only after having received approval
36 from ~~'[Medicaid]~~ the department¹ of its gainsharing plan, which
37 approval may be requested by the ~~'[Medicaid]~~¹ ACO at the time of
38 certification or at any time within one year of certification. An
39 ACO may seek to amend its gainsharing plan at any time following
40 the plan's initial approval by submitting amendments to
41 ~~'[Medicaid]~~ the department¹ for approval.

42 b. The ~~'[Medicaid]~~ ACO shall develop its gainsharing plan in
43 accordance with standards set forth in regulations adopted by the
44 Commissioner of Human Services. ~~Medicaid,~~ department,¹ with
45 input from the Department of Health and Senior Services and
46 'utilizing outcome evaluation data provided by' the Rutgers Center

1 for State Health Policy, shall approve only those gainsharing plans
2 that promote: improvements in 'health outcomes and' quality of
3 care, as measured by objective benchmarks as well as patient
4 experience of care; expanded access to primary and behavioral
5 health care services; and the reduction of unnecessary and
6 inefficient costs associated with care rendered to Medicaid
7 recipients residing in the ACO's designated area. 'The department
8 and the Department of Health and Senior Services shall provide all
9 data necessary to the Rutgers Center for State Health Policy for
10 analysis in support of the department's review of gainsharing
11 plans.'⁴ Criteria to be considered by '[Medicaid] the department
12 and the Department of Health and Senior Services' in approving a
13 gainsharing '[payment]' plan shall include, but are not limited to:

14 (1) whether the plan promotes: care coordination through multi-
15 disciplinary teams, including care coordination of patients with
16 chronic diseases and the elderly; expansion of the medical home
17 and chronic care models; 'increased patient medication adherence
18 and use of medication therapy management services.'¹ use of health
19 information technology and sharing of health information; and use
20 of open access scheduling in clinical and behavioral health care
21 settings;

22 (2) whether the plan encourages services such as patient or
23 family health education and health promotion, home-based services,
24 telephonic communication, group care, and culturally and
25 linguistically appropriate care;

26 (3) whether the gainsharing payment system is structured to
27 reward quality and improved patient outcomes and experience of
28 care;

29 (4) whether the plan funds interdisciplinary collaboration
30 between behavioral health and primary care providers for patients
31 with complex care needs likely to inappropriately access an
32 emergency department and general hospital for preventable
33 conditions;

34 (5) whether the plan funds improved access to dental services
35 for high-risk patients likely to inappropriately access an emergency
36 department and general hospital for untreated dental conditions; and

37 (6) whether the plan has been developed with community input
38 and will be made available for inspection by members of the
39 community served by the ACO.

40 c. The gainsharing plan shall include '[a] an appropriate'
41 proposed time period beginning and ending on specified dates
42 'prior to the commencement of the demonstration project', which
43 shall be the benchmark period against which cost savings can be
44 measured on an annual basis going forward. Savings shall be
45 calculated in accordance with a methodology '[established pursuant
46 to regulations adopted by the Commissioner of Human Services,

1 with input from the Commissioner of Health and Senior Services
2 and the Rutgers Center for State Health Policy,]¹ that:

3 (1) identifies expenditures 'per recipient' by the Medicaid fee-
4 for-service program 'for all Medicaid recipients residing within
5 the designated area'] during the benchmark period, adjusted for
6 'historic trends for health inflation,'] characteristics of recipients
7 and local conditions that predict future Medicaid spending but are
8 not amenable to the care coordination or management activities of
9 an ACO¹ which shall serve as the benchmark payment calculation;

10 (2) compares the benchmark payment calculation to amounts
11 paid by the Medicaid fee-for-service program for all such resident
12 recipients during subsequent periods; and

13 (3) provides that the benchmark payment calculation shall
14 remain fixed for a period of three years following approval of the
15 gainsharing plan.

16 d. The percentage of cost savings identified pursuant to
17 subsection c. of this section to be distributed to the 'Medicaid'
18 ACO, retained by any voluntarily participating Medicaid managed
19 care organization, and retained by 'Medicaid the State', shall be
20 identified in the gainsharing plan and shall remain in effect for a
21 period of three years following approval of the gainsharing plan.
22 Such percentages shall be designed to ensure that:

23 (1) 'Medicaid the State' can achieve meaningful savings and
24 support the ongoing operation of the demonstration project, and

25 (2) the 'Medicaid' ACO receives a sufficient portion of the
26 shared savings necessary to achieve its mission and expand its
27 scope of activities.

28 e. Notwithstanding the provisions of this section to the
29 contrary, 'Medicaid the department' shall not approve a
30 gainsharing plan that provides direct or indirect financial incentives
31 for the reduction or limitation of medically necessary and
32 appropriate items or services provided to patients under a health
33 care provider's clinical care in violation of federal law.

34 'Notwithstanding the provisions of this section to the
35 contrary, a gainsharing plan that provides for shared savings
36 between general hospitals and physicians related to acute care
37 admissions utilizing the methodological component of the
38 Physician-Hospital Collaboration Demonstration awarded by the
39 federal Centers for Medicare and Medicaid Services to the New
40 Jersey Care ⁴Integration⁴ Consortium , shall not be required to be
41 approved by the department. ⁴The department shall not be under
42 any obligation to participate in the Physician-Hospital
43 Collaboration Demonstration.⁴

44 g. The department shall consider using a portion of any savings
45 generated to expand the nursing, primary care, behavioral health

1 care, and dental workforces ⁴and services⁴ in the area served by the
2 ACO.¹

3 ⁴h. A gainsharing plan submitted to the department for this ACO
4 demonstration project shall contain an assessment of the expected
5 impact of revenues on hospitals that agree to participate. The
6 assessment shall include estimates for changes in both direct patient
7 care reimbursement and indirect revenue, such as disproportionate
8 share payments, graduate medical education payments, and other
9 similar payments. The assessment shall include a review of
10 whether participation in the demonstration project could
11 significantly impact the financial stability of any hospital through
12 rapid reductions in revenue and how this impact will be mitigated.
13 The gainsharing plan shall include a letter of support from all
14 participating hospitals in order to be accepted by the department.⁴
15

16 6. '[Medicaid] The department¹ shall remit payment of cost
17 savings to a participating Medicaid ACO following approval by
18 '[Medicaid] the department, in consultation with the Department of
19 Health and Senior Services,¹ of the ACO's gainsharing plan and
20 identification of cost savings ⁴and agreement from the federal
21 government to share in the cost of the funds distributed⁴.
22

23 7. a. A managed care organization that has contracted with
24 '[Medicaid] the department¹ may voluntarily seek participation in
25 the demonstration project by notifying the Medicaid ACO of its
26 desire to participate. The ACO shall submit a separate Medicaid
27 managed care organization gainsharing plan meeting the
28 requirements of section 5 of this act to '[Medicaid] the
29 department¹ for review and approval. The 'Medicaid¹ managed
30 care organization gainsharing plan may be identical to the
31 gainsharing plan approved for use in connection with the Medicaid
32 fee-for-service program, or may contain variations with respect to
33 the manner in which 'health outcomes,¹ quality, care coordination,
34 and access are to be improved and the manner in which cost savings
35 are achieved and distributed as gainsharing payments, but the
36 managed care organization gainsharing plan shall not affect the
37 calculation or distribution of shared savings pursuant to the
38 approved gainsharing plan applicable to the Medicaid fee-for-
39 service program or the calculation or distribution of shared savings
40 pursuant to any other approved gainsharing plan used by the ACO.

41 b. A Medicaid managed care organization may withdraw from
42 participation after one year by notifying '[Medicaid] the
43 department¹ in writing of its desire to withdraw.

44 c. Nothing in this act shall:

45 (1) alter or limit the obligations of a Medicaid managed care
46 organization participating in the demonstration project pursuant to

1 an approved gainsharing plan to comply with State and federal law
2 applicable to the Medicaid managed care organization; or

3 (2) preclude '[a certified Medicaid] an' ACO from expanding
4 its operations to include participation with new health care
5 providers located within the ACO's designated area '[or outside the
6 designated area]'

7

8 8. a. '[The Rutgers Center for State Health Policy shall assist
9 Medicaid with] The department, in consultation with the
10 Department of Health and Senior Services, shall':

11 (1) '[the]' design and '[implementation of] implement' the
12 application process for approval of participating '[Medicaid]'
13 ACOs in the demonstration project;

14 (2) '[the collection of] collect' data from participants in the
15 demonstration project; and

16 (3) '[the establishment of] approve' a methodology 'proposed
17 by the Medicaid ACO applicant' for calculation of cost savings and
18 for monitoring of 'health outcomes and' quality of care under the
19 demonstration project.

20 b. '[Medicaid and the Rutgers Center for State Health Policy]
21 The department and the Department of Health and Senior Services'
22 shall be authorized to jointly seek public and private grants to
23 implement and operate the demonstration project.

24

25 9. '[Medicaid shall, with assistance from the Rutgers Center
26 for State Health Policy,] The department, in consultation with the
27 Department of Health and Senior Services, shall' evaluate the
28 demonstration project annually to assess whether: cost savings¹,
29 including, but not limited to, savings in administrative costs and
30 savings due to improved health outcomes,¹ are achieved through
31 implementation of the demonstration project¹['; and].

32 The department, in consultation with the Department of Health
33 and Senior Services, and with the assistance of the Rutgers Center
34 for State Health Policy, shall evaluate the demonstration project
35 annually to assess whether¹ there is improvement in the rates of
36 health screening, the outcomes and hospitalization rates for persons
37 with chronic illnesses, and the hospitalization and readmission rates
38 for patients residing in the designated areas served by the ACOs.
39 ⁴The department and the Department of Health and Senior Services
40 shall provide the Rutgers Center for State Health Policy with all
41 data necessary to perform the annual evaluation of the
42 demonstration project.⁴

43

44 10. a. The Commissioner of Human Services shall apply for
45 such State plan amendments or waivers as may be necessary to
46 implement the provisions of this act and to secure federal financial

1 participation for State Medicaid expenditures under the federal
2 Medicaid program¹, and shall take such additional steps as may be
3 necessary to secure on behalf of participating ACOs such waivers,
4 exemptions, or advisory opinions to ensure that such ACOs are in
5 compliance with applicable provisions of State and federal laws
6 related to fraud and abuse, including, but not limited to, anti-
7 kickback, self-referral, false claims, and civil monetary penalties.¹

8 b. The Commissioners of Health and Senior Services and
9 Human Services may apply for participation in federal ACO
10 demonstration projects that align with the goals of this act.

11 ²c. The provisions of this act shall not be construed to require
12 State funding for any evaluation or start-up costs of an ACO.²

13
14 11 Nothing in this act shall be construed to limit the choice of a
15 Medicaid recipient to access care for family planning services or
16 any other type of health care services from a qualified health care
17 provider who is not participating in the demonstration project.

18
19 12. a. Under the demonstration project, payment shall continue
20 to be made to providers of services and suppliers participating in
21 the ¹Medicaid¹ ACO ⁴[under the original Medicaid reimbursement
22 methodology] for services provided to managed care recipients or
23 individuals who receive services on a fee-for-service basis⁴ in the
24 same manner as they would otherwise be made, except that the
25 ¹[Medicaid]¹ ACO is eligible to receive gainsharing payments
26 under sections 5 and 6 of this act if it meets the requirements set
27 forth therein.

28 ⁴[¹The department, in consultation with the Department of
29 Health and Senior Services, shall, by regulation, promulgate a
30 methodology whereby a disproportionate share hospital
31 participating in a Medicaid ACO receives a credit from available
32 federal funds for its disproportionate share payments in an amount
33 equal to the reduction in disproportionate share payments to the
34 hospital resulting from its participation in the ACO, calculated on
35 the basis of the reduction in inpatient hospitalizations during any
36 year in which the hospital participates in the ACO, compared with
37 the benchmark period.]⁴

38 b. Nothing in this act shall be construed to authorize the
39 Departments of Human Services or Health and Senior Services to
40 waive or limit any provisions of federal or State law or
41 reimbursement methodologies governing Medicaid reimbursement
42 to federally qualified health centers, including, but not limited to,
43 Medicaid prospective payment reimbursement and any
44 supplemental payments made to a federally qualified health center
45 providing services ¹[pursuant to a contract between the center and a
46 managed care organization] to Medicaid managed care recipients¹.

1 13. Notwithstanding the requirements of P.L.1999, c.409
2 (C.17:48H-1 et seq.), a Medicaid ACO certified pursuant to this act
3 shall not be required to obtain licensure or certification from the
4 Department of Banking and Insurance as an organized delivery
5 system ²when providing services to Medicaid recipients².

6
7 14. **【The Commissioner】** Upon completion of the demonstration
8 project, the Commissioners¹ of Human Services ¹and Health and
9 Senior Services¹ shall report ¹**【annually】**¹ to the Governor, and to
10 the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-
11 19.1), on the demonstration project, and include in the report the
12 findings of the evaluation carried out pursuant to section 9 of this
13 act. The ¹**【commissioner】** commissioners¹ shall make such
14 recommendations as ¹**【he deems】** they deem¹ appropriate.

15 If, after three years following enactment of this act, the
16 ¹**【commissioner finds】** commissioners find¹ the demonstration
17 project was successful in reducing costs and improving ¹health
18 outcomes and¹ the quality of care for Medicaid recipients, the
19 ¹**【commissioner】** commissioners¹ ⁴**【shall】** may⁴ recommend that
20 ⁴**【the demonstration project be expanded to include】** Medicaid
21 ACOs be established on a permanent basis and in⁴ additional
22 communities in which Medicaid recipients reside ⁴**【and become a**
23 **permanent program】**⁴.

24
25 15. The Commissioner of Human Services, in accordance with
26 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
27 seq.) and with input from the Commissioner of Health and Senior
28 Services, shall, within 180 days of the effective date of this act,
29 adopt rules and regulations establishing the standards for
30 gainsharing plans submitted by Medicaid ACOs. The
31 Commissioner of Human Services shall also adopt, with input from
32 the Commissioner of Health and Senior Services, such rules and
33 regulations governing the ongoing oversight and monitoring of the
34 quality of care delivered to Medicaid recipients in the designated
35 areas served by the Medicaid ACOs, and such other requirements as
36 the Commissioner of Human Services deems necessary to carry out
37 the provisions of this act.

38
39 16. This act shall take effect ¹**【immediately】** 60 days after the
40 date of enactment¹ and shall expire three years after the adoption of
41 regulations by the Commissioner of Human Services.