

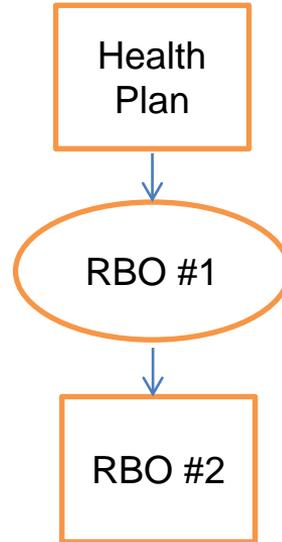
Risk Bearing Organization Sub-delegation

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Sub-delegation



RBO Definition

Criteria of a Risk Bearing Organization (RBO)	RBO	Sub-delegated RBO
A lawfully organized group of physicians that arranges for or provides health care services	✓	✓
Contracts directly with health plans or arranges for services to health plan enrollees	✓	✓
Compensated for services on any capitated or fixed periodic payment basis	✓	✓
Handle claims processing and payment	✓	✓

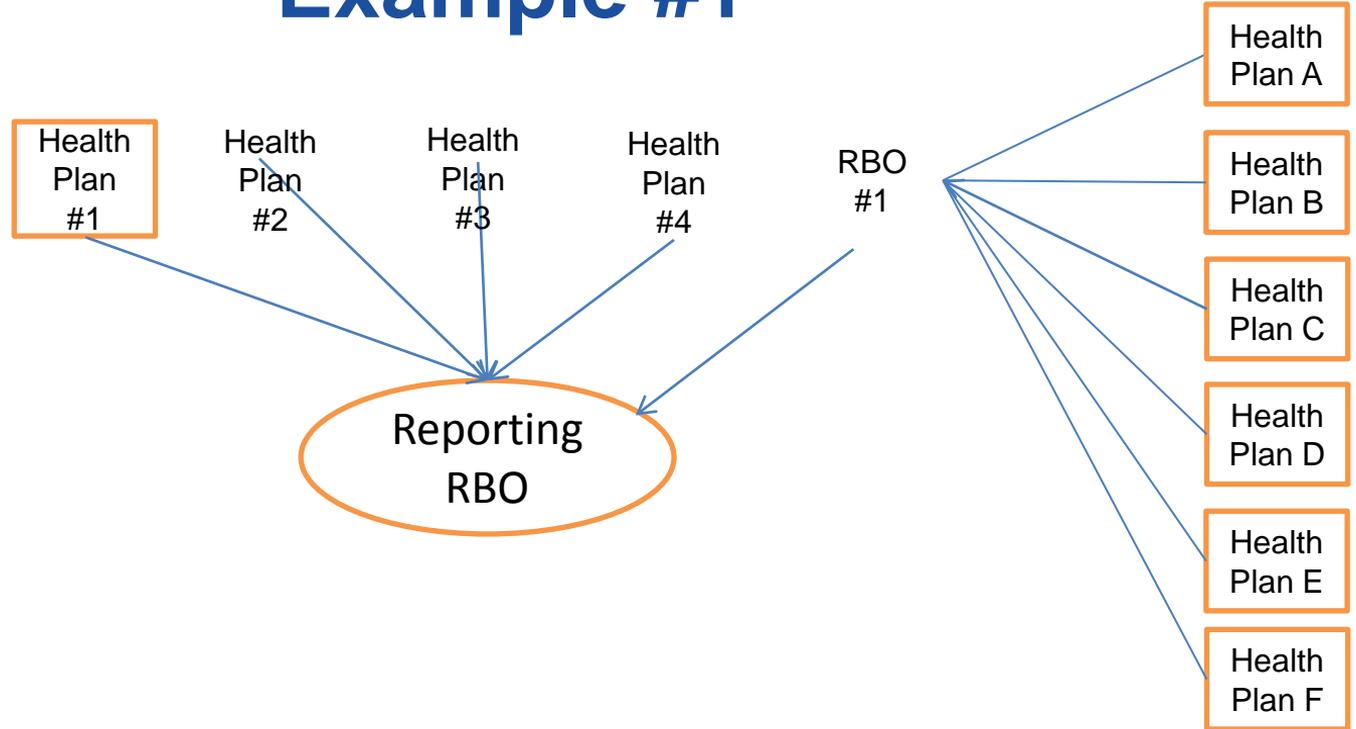
Contract Requirements Between a Plan and a RBO

Requirements	RBO	Sub-delegated RBO
RBO must meet all Solvency Criteria	✓	
RBO must report Quarterly and Annual Financial Reports to the DMHC	✓	
Notification regarding any event that materially alters an RBO's financial situation or threatens its solvency	✓	
Permit the DMHC to make any examination to implement the RBO solvency and reporting requirements	✓	

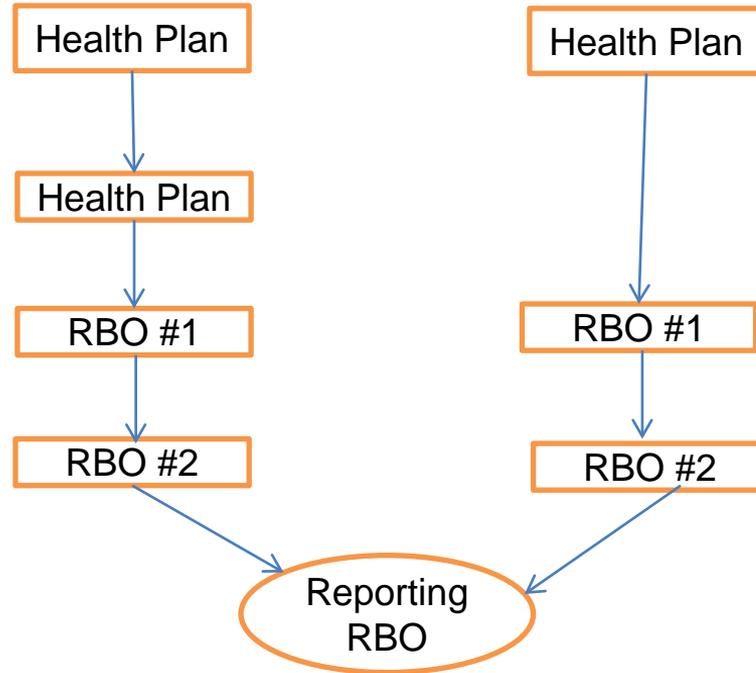
Health Plan Compliance

Health Plan Procedures	RBO	Sub-delegated RBO
Review RBO reports and financial information	✓	
Take appropriate action(s) when the DMHC notifies the Plan of a problem with its contracted RBO	✓	
Comply with the corrective action process and cooperate in the implementation of a final corrective action plan (CAP)	✓	
Advise the DMHC and RBO in writing within five days if the RBO is not compliant with final CAP or the RBO's conduct may cause the plan to be subject to disciplinary action	✓	
Submit a Block Transfer filing with the DMHC, when transferring enrollees to other providers	✓	

Sub-delegation Example #1



Sub-delegation Example #2



Discussion Items for the Board

1. Should the DMHC require the sub-delegated RBOs to be held to the same requirements as the RBOs?
2. What role should the DMHC have in overseeing the subdelegated RBOs?
3. Should the health plans oversee the sub-delegated RBOs in the same way they oversee their contracted RBOs?

Questions