

**STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF LIFE AND HEALTH
MANAGED CARE BUREAU
Telephone No.: (609) 292-7272
Facsimile No.: (609) 633-0527
Web Site: www.state.nj.us/dobi/managed.htm**

DENTAL SERVICE CORPORATION (DSC)

**APPLICATION TO OBTAIN A
CERTIFICATE OF AUTHORITY (COA)**

PART I OF II -FEASIBILITY STUDY

Instructions

1. The information requested in this Feasibility Study is based upon the Dental Service Corporation Act, **N.J.S.A. 17:48C-1 et seq.** Copies of this statute, and application can be obtained by visiting our website at **www.state.nj.us/dobi/managed.htm**.
2. Submit **seven (7)** copies of the completed Feasibility Study to the :

State of New Jersey
Department of Banking and Insurance
Managed Care Bureau Chief
P. O. Box 325
20 West State Street, 11th Floor
Trenton, NJ 08625-0325
3. Complete the Feasibility Study Cover Sheet providing responses to each item. For the ensuing sections, number each response and document according to the item number to which it responds. Number each page in the upper right hand corner in consecutive order.
4. Once the Feasibility Study is approved, Part II of the application may then be submitted.
5. (See Part II of II)

STATE OF NEW JERSEY

DENTAL SERVICE CORPORATION (DSC)

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PART I OF II -FEASIBILITY STUDY

COVER SHEET

Complete Name of Proposed DSC

Address

City

County

State

Zip Code

Telephone Number

Facsimile Number

Website Address

CERTIFICATION STATEMENT

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

Printed Full Name of Authorized Representative and Title

Authorized Representative Original Signature

Date

Telephone Number

Facsimile Number

Email Address

Contact Person (Printed Name)

Telephone Number

Email Address

I. General Description:

1. Provide a description of the DSC's origin and structure, including a discussion of any entities sharing common boards and/or management with the DSC and the relationship of those entities to the DSC, including a summary of their current activities. Provide a detailed description of the proposed DSC's experience with management of dental costs. Include a description of the DSC's proposed methods and places of operation and a general description of the procedures and programs to be implemented to achieve an effective dental plan. **(Refer to N.J.S.A. 17:48C-4)**
2. Provide a Mission Statement and summary of a three year business plan including a general description of the specific market/s to be served, products to be offered, and how each will be introduced into the New Jersey marketplace. Provide the locations of all of the applicant's dental facilities and which services each facility will provide for New Jersey subscribers, including a map detailing the locations of the facilities.
3. Provide a projected number of duly licensed dentists by specialty and county that will be under contract to render dental care for the projected enrollment. **(Refer to N.J.S.A. 17:48C-5)**
4. Provide member enrollment projections by county on a quarterly basis for the first three (3) years of operations.
5. Provide an Officer Certification, or that of another appropriate authorized representative, that states "the applicant will accept as a participating dentist **any** dentist authorized to practice dentistry in the jurisdiction where services are to be rendered and who is willing to render dental services to be provided and abide by the provisions under a contract or contracts". **(Refer to N.J.S.A. 17:48C-5(c))**
6. If appropriate, provide an Officer or other appropriate authorized representative's Certification that the applicant intends to supply "administrative services only" services. **(Refer to N.J.S.A. 17:48C-4.1)**

II. Organizational/Legal:

1. Provide Draft copies of the basic organizational documents of the proposed DSC, to include the certificate of incorporation, or other applicable documents. Refer to **N.J.S.A. 17:48C-3** on required language for the certificate of incorporation.
2. Provide Draft copies of the bylaws, rules and regulations or similar documents regulating the conduct of the internal affairs of the proposed DSC. (Refer to **N.J.S.A. 17:48C-3** on required language for the bylaws and **N.J.S.A. 17:48C-4**).
3. Provide a list of names, personal addresses, and official positions of the persons who are to be responsible for the conduct of the affairs of the DSC, including all members of the Board of Directors, Board of Trustees, Executive Committee or other governing board or committee, and principal officers as applicable. Include a description of each person's

qualifications and area of expertise. (Note that the Board of Trustees must be composed initially of an even number of persons, not less than 14 in all, and ½ of whom shall be persons who are licensed to practice dentistry in this State, etc.) For those individuals that are currently licensed to practice dentistry in this state, provide their New Jersey license number. (**Refer to N.J.S.A. 17:48C-6 and 15**)

4. Provide an original fully completed and notarized Biographical Affidavit (**Exhibit A**) for each person listed in item three (3) above of this Section.
5. Provide two (2) internal organizational charts for a) management and, b) functional areas of the proposed DSC, and an external organizational chart if the proposed DSC shares common boards and/or management with any other entity as identified in item one (1) of Section I above, depicting the relationships with those other entities.
6. Provide a description of the procedures to be used by the applicant, involving termination or refusal to renew coverage, modification of coverage or rates in the case of persons classified as “left-group”, selection of risks, and underwriting classifications, pursuant to **N.J.S.A. 17:48C-22. (Also, refer to N.J.A.C. 11:2-13.1 et seq. (Group Coverage Discontinuance and Replacement))**
7. Provide a description of the intended plan of payments to participating dentists. This description should also include complete information pertaining to any bonus, penalty or withhold mechanisms that are intended to be used by the DSC or any party that the DSC will contract with, if applicable. (**Refer to N.J.S.A. 17:48C-15**)
8. Provide a response as to whether or not the applicant will enter into agreements for the payment of dental services to the subscribers or members of similar nonprofit dental service corporations of this or any other State, pursuant to **N.J.S.A. 17:48C-12**. If applicable, provide a copy of the Draft form of contract intended to be used, including all documents incorporated by reference.
9. Provide a response as to whether or not the applicant will enter into agreements to participate with other corporations in the issuance of group contracts to policyholders whose employees or members are located in more that one State, pursuant to **N.J.S.A. 17:48C-20**. If applicable, provide a copy of the Draft form of any contract intended to be used by the DSC and those corporations, including all documents incorporated by reference.

III. Dental Services

1. Provide a summary of the proposed standards of care, criteria and procedures for assessing the quality, adequacy and appropriateness of health care including emergency and urgent care, and systems utilized to coordinate the Continuous Quality Improvement (CQI) program, Utilization Management (UM) program and risk management programs.
2. Provide a general description of the proposed complaint procedures to be utilized by providers and subscribers for any type complaint.

IV. Financial

1. Provide the most recently audited financial statements of the DSC applicant, if applicable, completed on either a Statutory Accounting Principle (SAP), or Generally Accepted Accounting Principle (GAAP) basis or both SAP and GAAP if available, with accompanying notes and management letters.
2. Provide financial projections, prepared on a SAP basis, on a quarterly basis for the proposed DSC through the period the DSC projects a Net Gain but not less than three years in total. This projection should also include enrollment projections. These projections shall demonstrate how the applicant will meet the following standards:
 - a) Sufficient Capital to support the plan to breakeven. **(Refer to N.J.S.A. 17:48C-5)**
 - b) General Surplus requirement. **(Refer to N.J.S.A. 17:48C-5(a))**
 - c) Dental Loss Ratio requirement. **(Refer to N.J.S.A. 17:48C-24)**
 - d) Investments in accordance with **(N.J.S.A. 17:48C-25)**.
 - e) Contingent Surplus requirement. **(Refer to N.J.S.A. 17:48C-25)**
3. Provide a description of the assumptions used in the financial projections. These assumptions must explain every line item specifically and reasonably. These assumptions must be certified as reasonable by an actuary who is a member in good standing of the American Academy of Actuaries and who is familiar with rating and other actuarial aspects of health and/or dental plans.
4. Provide a statement explaining the source of all funding.
5. Provide copies of any Draft management agreements, or final copies if available, that are intended to effectuate the DSC, for services or functions that are intended to be used by or outsourced to any entity, not already included in Section II above, including a discussion of who will provide control mechanisms over those activities.
6. Describe in detail what provisions the DSC will have in place at the beginning of operations for contingency funding, and Stop Loss and Insolvency protection.

V. Marketing

1. A description of the proposed method of marketing dental services.

VI. Other

In addition to the above information, the Commissioner may require any other relevant information which is reasonably necessary to determine whether to approve or disapprove this COA application Feasibility Study. (Refer to N.J.S.A. 17:48-C4)

EXHIBIT A

DEPARTMENT OF BANKING AND INSURANCE OFFICE OF LIFE AND HEALTH MANAGED CARE BUREAU

BIOGRAPHICAL AFFIDAVIT

Full name and Address of Entity (Do not use group name).

In connection with the above-named Arrangement, I herewith make representations and supply information about myself as hereinafter set forth. (Attach addendum or separate sheet if space hereon is insufficient to answer any question fully.) IF ANSWER IS "NO" OR "NONE", SO STATE. DO NOT LEAVE ANY QUESTIONS UNANSWERED.

1. Affiant's Full Name. _____

2. a. Have you ever had your name changed? _____ If yes, state the reason for the change. _____

b. Other names used at any time. _____

3. Date and Place of Birth. _____

4. Affiant's Business Address. _____

Business Telephone Number. _____

5. List your residence for the last ten (10) years starting with your current address, stating:

Date	Address	City/State
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6. Education: Dates, Names, Locations and Degrees

College _____

Graduate Studies _____

Other _____

7. List memberships in Professional Societies/Association.

8. Present or Proposed Position with the Applicant Entity.

9. List complete employment record (up to and including present jobs, positions, directorates, or officership) for the past twenty- (20) years, stating:

DATES	EMPLOYER AND ADDRESS	TITLE
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10. Present employer may be contacted. Yes _____ No _____
Former employers may be contacted. Yes _____ No _____

11. a. Have you ever been in a position that required a fidelity bond? _____
If any claims were made on the bond, state details. _____

b. Have you ever been denied an individual or position schedule fidelity bond, or had a bond cancelled or revoked? _____

12. List any professional, occupational, and vocational licenses issued by any public or governmental licensing agency or regulatory authority which you presently hold or have held in the past (state date license issued, issuer of license, date terminated, reasons for termination). _____

13. During the last ten (10) years, have you ever been refused a professional, occupational, or vocational license by any public or governmental licensing agency or regulatory authority, or has any such license held by you ever been suspended or revoked?

If yes, state details. _____

14. List any insurers, prepaid dental plans, health care corporations, health maintenance organizations, or dental service corporations in which you control directly or indirectly or own legally or beneficially 10% or more of the outstanding stock (in voting power).

If any of the stock is pledged or hypothecated in any way, state details. _____

15. Will you or members of your immediate family subscribe to own, beneficially or of record, shares of stock of the application entity or its affiliates? _____

If any of the shares or stock are pledged or hypothecated in any way, state details.

16. Have you ever been adjudged bankrupt? _____

If so, give details. _____

17. Have you ever been convicted, had a sentence imposed or suspended, had a pronouncement of a sentence suspended, been pardoned for conviction of or pleaded guilty or no contest to any criminal information, indictment or complaint, other than minor traffic violations? _____

If yes, state details. _____

18. Have you ever been an officer, director, trustee, investment committee member, key employee, or controlling stockholder of any entity which, while you occupied any such position or capacity with respect to it, became insolvent or was placed under supervision or in receivership, rehabilitation, liquidation, conservatorship, or bankruptcy? _____

If yes, state details. _____

19. Has the certificate of authority or license to do business of any insurer, prepaid dental plan, health care corporation, dental service corporation or health maintenance organization of which you were an officer or director or key management person ever been suspended or revoked while you occupied such position? _____

If yes, state details. _____

Dated and signed this _____ day of _____, _____ at _____ . I hereby certify under penalty of perjury that I am acting on my own behalf, and that the foregoing statements are true and correct to the best of my knowledge and belief.

(Signature of Affiant)

State of _____ County of _____

Personally appeared before me the above named _____
personally known to me, who being duly sworn, deposes and says that he executed the
above instrument and that the statements and answers contained therein are true and
correct to the best of his knowledge and belief.

Subscribed and sworn to before me this _____ day of _____,
_____.

(SEAL)

(Notary Public)

My Commission Expires _____