

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6866

BILL NUMBER: HB 1309

DATE PREPARED: Feb 23, 1999

BILL AMENDED: Feb 22, 1999

SUBJECT: Health Maintenance Organization Grievances.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Department of Insurance to establish a grievance procedure for appeal to the Department for resolution of grievances related to an adverse utilization review or medical necessity determination made by a health maintenance organization (HMO), or an agent of a HMO, regarding a service proposed by the treating physician.

The bill also requires the Insurance Commissioner to appoint or contract with an independent review organization for review of adverse utilization reviews and medical necessity determinations. It also requires the Commissioner to receive and forward the determination of the independent review organization. The bill also provides that the determination is binding on the HMO. It also provides that the costs of the independent review are paid by the HMO except for a \$25 filing fee which is paid by the enrollee who is appealing.

Effective Date: July 1, 1999.

Explanation of State Expenditures: (Revised) This bill requires the Insurance Commissioner to appoint or contract with an independent review organization for review of adverse utilization reviews and medical necessity determinations. The cost of this independent review is to be paid by: (1) a \$25 filing fee which is paid by the enrollee who is appealing and (2) the HMO. Consequently, this bill should have no net fiscal impact to the state.

Explanation of State Revenues: (Revised) See Explanation of State Expenditures, above, regarding \$25 filing fees required to be paid by HMO enrollees who are appealing determinations.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance

Local Agencies Affected:

Information Sources: Liz Carroll, Department of Insurance, 232-2406.