

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 1309 be amended to read as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 27-8-27 IS ADDED TO THE INDIANA CODE
- 4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 5 JULY 1, 1999]:
- 6 **Chapter 27. External Grievance Procedure**
- 7 **Sec. 1. (a) As used in this chapter, "insured" means an**
- 8 **individual entitled to coverage under a policy of accident and**
- 9 **sickness insurance.**
- 10 **(b) As used in this chapter, "insurer" means a person that**
- 11 **provides coverage for health care services through a policy of**
- 12 **accident and sickness insurance.**
- 13 **(c) As used in this chapter, "policy of accident and sickness**
- 14 **insurance" has the meaning set forth in IC 27-8-5-1.**
- 15 **Sec. 2. The department shall establish and maintain an external**
- 16 **grievance procedure for the resolution of grievances regarding an**
- 17 **adverse:**
- 18 **(1) utilization review determination (as defined in**
- 19 **IC 27-8-17-8); or**
- 20 **(2) determination of medical necessity;**
- 21 **made by an insurer or an agent of an insurer regarding a service**
- 22 **proposed by the treating physician.**
- 23 **Sec. 3. An external grievance procedure established under**
- 24 **section 2 of this chapter must:**
- 25 **(1) allow an insured or the insured's representative to file with**
- 26 **the department an appeal of an insurer's internal grievance**

- 1 or appeal resolution; and
- 2 (2) provide for:
 - 3 (A) an expedited appeal for a grievance related to an
 - 4 illness, a disease, a condition, an injury, or a disability that
 - 5 would seriously jeopardize the insured's:
 - 6 (i) life or health; or
 - 7 (ii) ability to reach and maintain maximum function; or
 - 8 (B) a standard appeal for a grievance related to a
 - 9 condition;
 - 10 (i) not described in clause (A); and
 - 11 (ii) for which the cost of the proposed service exceeds
 - 12 five hundred dollars (\$500).

13 **Sec. 4.** When filing an appeal of an adverse determination under
14 this chapter, an insured shall submit a twenty-five dollar (\$25)
15 filing fee.

16 **Sec. 5.** The commissioner shall appoint or enter into a contract
17 with an independent review organization that shall assign a
18 medical review professional who is board certified in the applicable
19 specialty for resolution of appeals filed under section 3 of this
20 chapter.

21 **Sec. 6.** The independent review organization and the medical
22 review professional may not have a material professional, familial,
23 or financial conflict of interest with any of the following:

- 24 (1) The insurer.
- 25 (2) Any officer, director, or management employee of the
- 26 insurer.
- 27 (3) The physician or the physician's medical group that is
- 28 proposing the service.
- 29 (4) The facility at which the service would be provided.
- 30 (5) The development or manufacture of the principal drug,
- 31 device, procedure, or other therapy that would be provided to
- 32 the insured whose appeal is under review.

33 However, the medical review professional may have a contractual
34 relationship under which the medical review professional provides
35 health services to insureds of the insurer and may have an
36 affiliation that is limited to staff privileges at the health facility.

37 **Sec. 7.** The independent review organization must have a quality
38 assurance mechanism to ensure the:

- 39 (1) timeliness and quality of reviews performed under this
- 40 chapter;
- 41 (2) qualifications and independence of medical review
- 42 professionals; and
- 43 (3) confidentiality of medical records and other review
- 44 materials.

45 **Sec. 8.** The medical review professional shall:

- 46 (1) for an expedited appeal filed under section 3(2)(A) of this
- 47 chapter, within seventy-two (72) hours of the time the appeal
- 48 is filed; and
- 49 (2) for a standard appeal filed under section 3(2)(B) of this
- 50 chapter, within five (5) business days of the time the appeal is
- 51 filed;

52 make a determination of appropriateness of the utilization review

1 determination or determination of medical necessity based on
 2 information gathered from the insured or the insured's designee,
 3 the insurer, and the treating physician, and based on any
 4 additional information that the medical review professional
 5 considers necessary and appropriate. The medical review
 6 professional shall submit the findings under this section to the
 7 commissioner.

8 **Sec. 9.** When making the determination of appropriateness
 9 under section 8 of this chapter, the medical review professional
 10 shall apply:

- 11 (1) standards of decision making that are based on objective
 12 clinical evidence; and
- 13 (2) the terms of the insured's policy of accident and sickness
 14 insurance.

15 **Sec. 10.** The commissioner shall receive the medical review
 16 professional's findings and shall provide them to the insured and
 17 the insurer:

- 18 (1) for an expedited appeal filed under section 3(2)(A) of this
 19 chapter and under rules adopted under this chapter, within
 20 twenty-four (24) hours of receiving the medical review
 21 professional's findings; and
- 22 (2) for a standard appeal filed under section 3(2)(B) of this
 23 chapter and under rules adopted under this chapter, within
 24 seventy-two (72) hours of receiving the medical review
 25 professional's findings.

26 **Sec. 11.** The medical review professional's determination under
 27 section 8 of this chapter is binding on the insurer.

28 **Sec. 12.** An insurer shall provide to each insured a copy of the
 29 external grievance procedure established under section 1 of this
 30 chapter.

31 **Sec. 13.** All costs associated with the services of an independent
 32 review organization under this chapter, other than the filing fee
 33 paid by an insured under section 4 of this chapter, must be paid by
 34 the insurer.

35 **Sec. 14.** This chapter does not add to or otherwise change the
 36 terms of coverage included in the insured's policy of accident and
 37 sickness insurance.

38 **Sec. 15.** Documents and other information created or received
 39 by the department in connection with an external review under this
 40 chapter are not public records and may not be disclosed under
 41 IC 5-14-3.

42 **Sec. 16.** The department shall, not later than June 30, 2000,
 43 adopt rules under IC 4-22-2 to implement this chapter."

44 Renumber all SECTIONS consecutively.

(Reference is to HB 1309 as printed February 23, 1999.)

Representative FRY