

HOUSE BILL No. 1309

DIGEST OF HB 1309 (Updated March 1, 1999 4:37 pm - DI 97)

Citations Affected: IC 27-13.

Synopsis: Health maintenance organization grievances. 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, or an agent of a health maintenance organization, regarding a service proposed by the treating physician. Requires the insurance commissioner to appoint or contract with an independent review organization for review of adverse utilization reviews and medical necessity determinations. Requires the commissioner to receive and forward the determination of the
(Continued next page)

Effective: July 1, 1999.

**Pelath, Crosby, Cheney, Welch,
Becker, Goeglein, Budak, Hasler,
Grubb, Burton, Ulmer, Bailey,
Adams T, Porter, Bardon**

January 12, 1999, read first time and referred to Committee on Insurance, Corporations and Small Business.
February 22, 1999, amended, reported — Do Pass.
March 1, 1999, read second time, amended, ordered engrossed.

HB 1309—LS 6866/DI 97+



C
O
P
Y

Digest Continued

independent review organization. Provides that the determination is binding on the health maintenance organization. Provides that the costs of the independent review are paid by the health maintenance organization except a \$25 filing fee which is paid by the enrollee who is appealing.

C
o
p
y



Reprinted
March 2, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1309

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-13-10-11.1 IS ADDED TO THE INDIANA
2 CODE AS A **NEW SECTION TO READ AS FOLLOWS**
3 [EFFECTIVE JULY 1, 1999]: **Sec. 11.1. (a) The department shall**
4 **establish and maintain an external grievance procedure for the**
5 **resolution of grievances regarding an adverse:**
6 (1) **utilization review determination (as defined in**
7 **IC 27-8-17-8); or**
8 (2) **determination of medical necessity;**
9 **made by a health maintenance organization or an agent of a health**
10 **maintenance organization regarding a service proposed by the**
11 **treating physician.**
12 (b) **An external grievance procedure established under**
13 **subsection (a) must:**
14 (1) **allow an enrollee or the enrollee's representative to file**
15 **with the department an appeal of a health maintenance**
16 **organization's grievance resolution under section 7 or 8 of this**
17 **chapter; and**
18 (2) **provide for:**

HB 1309—LS 6866/DI 97+



C
O
P
Y

1 (A) an expedited appeal for a grievance related to an
 2 illness, a disease, a condition, an injury, or a disability that
 3 would seriously jeopardize the enrollee's:

4 (i) life or health; or

5 (ii) ability to reach and maintain maximum function; or

6 (B) a standard appeal for a grievance related to a
 7 condition:

8 (i) not described in clause (A); and

9 (ii) for which the cost of the proposed service exceeds
 10 five hundred dollars (\$500).

11 (c) When filing an appeal of an adverse determination under
 12 this section, an enrollee shall submit a twenty-five dollar (\$25)
 13 filing fee.

14 (d) The commissioner shall appoint or enter into a contract with
 15 an independent review organization that shall assign a medical
 16 review professional who is board certified in the applicable
 17 specialty for resolution of appeals filed under subsection (b).

18 (e) The independent review organization and the medical review
 19 professional may not have a material professional, familial, or
 20 financial conflict of interest with any of the following:

21 (1) The health maintenance organization.

22 (2) Any officer, director, or management employee of the
 23 health maintenance organization.

24 (3) The physician or the physician's medical group that is
 25 proposing the service.

26 (4) The facility at which the service would be provided.

27 (5) The development or manufacture of the principal drug,
 28 device, procedure, or other therapy that would be provided to
 29 the enrollee whose appeal is under review.

30 However, the medical review professional may have a contractual
 31 relationship under which the medical review professional provides
 32 health services to enrollees of the health maintenance organization
 33 and may have an affiliation that is limited to staff privileges at the
 34 health facility.

35 (f) The independent review organization must have a quality
 36 assurance mechanism to ensure the:

37 (1) timeliness and quality of reviews performed under this
 38 section;

39 (2) qualifications and independence of medical review
 40 professionals; and

41 (3) confidentiality of medical records and other review
 42 materials.



C
O
P
Y

1 **(g) The medical review professional shall:**

2 **(1) for an expedited appeal filed under subsection (b)(2)(A),**
3 **within seventy-two (72) hours of the time the appeal is filed;**

4 **or**

5 **(2) for a standard appeal filed under subsection (b)(2)(B),**
6 **within five (5) business days of the time the appeal is filed;**

7 **make a determination of appropriateness of the utilization review**
8 **determination or determination of medical necessity based on**
9 **information gathered from the enrollee or the enrollee's designee,**
10 **the health maintenance organization, and the treating physician,**
11 **and based on any additional information that the medical review**
12 **professional considers necessary and appropriate. The medical**
13 **review professional shall submit the findings under this subsection**
14 **to the commissioner.**

15 **(h) When making the determination of appropriateness under**
16 **subsection (g), the medical review professional shall apply:**

17 **(1) standards of decision making that are based on objective**
18 **clinical evidence; and**

19 **(2) the terms of the enrollee's benefit contract.**

20 **(i) The commissioner shall receive the medical review**
21 **professional's findings and shall provide them to the enrollee and**
22 **the health maintenance organization:**

23 **(1) for an expedited appeal filed under subsection (b)(2)(A)**
24 **and under rules adopted under this section, within**
25 **twenty-four (24) hours of receiving the medical review**
26 **professional's findings; or**

27 **(2) for a standard appeal filed under subsection (b)(2)(B) and**
28 **under rules adopted under this section, within seventy-two**
29 **(72) hours of receiving the medical review professional's**
30 **findings.**

31 **(j) The medical review professional's determination under**
32 **subsection (g) is binding on the health maintenance organization.**

33 **(k) A health maintenance organization shall provide to each**
34 **enrollee a copy of the external grievance procedure established**
35 **under subsection (a).**

36 **(l) All costs associated with the services of an independent**
37 **review organization under this section, other than the filing fee**
38 **paid by an enrollee under subsection (c), must be paid by the health**
39 **maintenance organization.**

40 **(m) This section does not add to or otherwise change the terms**
41 **of coverage included in a contract under which an enrollee receives**
42 **health care benefits under IC 27-13.**



C
O
P
Y

1 **(n) Documents and other information created or received by the**
2 **department in connection with an external review under this**
3 **section are not public records and may not be disclosed under**
4 **IC 5-14-3.**

5 **(o) The department shall, not later than June 30, 2000, adopt**
6 **rules under IC 4-22-2 to implement this section.**

C
o
p
y

