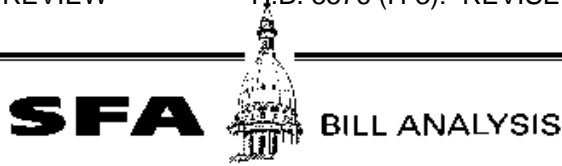


Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5576 (Substitute H-3 as passed by the House)

Sponsor: Representative Charles LaSata

House Committee: Health Policy

Senate Committee: Health Policy

Date Completed: 6-2-00

CONTENT

The bill would create the "Patient's Right to Independent Review Act" to do all of the following:

- Require a health carrier to notify a covered person of internal grievance and external review processes, when the carrier notified the person of an adverse determination (the denial, reduction, or termination of a health care service).
- Allow the covered person to submit a request for external review to the Commissioner of the Office of Financial and Insurance Services, who would have to conduct a preliminary review and decide whether to accept the request.
- Require the Commissioner, upon accepting the request, to assign an independent review organization to conduct an external review and make a recommendation.
- Require the Commissioner to decide whether to uphold or reverse the adverse determination.
- Allow a covered person to request an expedited external review if, due to his or her medical condition, the time frame for a standard external review would jeopardize the person's life, health, or ability to regain maximum function.
- Require independent review organizations to be approved by the Commissioner, and establish qualifications for independent review organizations and clinical peer reviewers.
- Establish record-keeping and reporting requirements for independent review organizations and health carriers.
- Require health carriers to include a description of the internal grievance and external review procedures in coverage information given to covered persons.
- Allow the Commissioner to order civil fines and license sanctions for violations.

Except as provided below, the bill would apply to all health carriers that provided or performed utilization review. "Health carrier" would mean an entity subject to the State's insurance laws and regulations, or subject to the Commissioner's jurisdiction, that contracted or offered to contract to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services, including a sickness and accident insurance company, a health maintenance organization, a nonprofit health care corporation, or any other entity providing a plan of health insurance, health benefits, or health services. "Health carrier" would not include a State department or agency. "Health care services" would mean services for the diagnosis, prevention, treatment, cure, or relief of a health condition, illness, injury, or disease.

"Utilization review" would mean a set of formal techniques designed to monitor the use of, or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of health care services, procedures, or settings. Techniques could include ambulatory review, prospective review, second opinion, certification, concurrent review, case management, discharge planning, or retrospective review.

The bill would not apply to a policy or certificate that provided coverage only for specified accident or accident-only coverage, credit, disability income, hospital indemnity, long-term care insurance, or any other limited supplemental benefit other than specified disease, dental, vision care, or care provided pursuant to a system of health care delivery and financing operating under Section 3573 of the Insurance Code, Medicare supplement policy of insurance, coverage under a plan through Medicare, or the Federal Employees Health Benefits Program, any coverage issued under Chapter 55 of Title 10 of the United States

Code (which provides for medical and dental care for members of the armed forces and their dependents), and any coverage issued as supplemental to that coverage, any coverage issued as supplemental to liability insurance, workers' compensation or similar insurance, automobile medical-payment insurance, or any insurance under which benefits were payable with or without regard to fault, whether written on a group blanket or individual basis. (Section 3573 of the Insurance Code, proposed by Senate Bill 1209, would recodify a section governing systems that are similar to health maintenance organizations.)

The bill would take effect October 1, 2000.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the Office of Financial and Insurance Services. The Office would be required under this bill to take on additional responsibilities for creating and implementing an independent review program, including approving and assigning independent review organizations, and collection and submission of reports and record-keeping for these organizations. According to the Department of Consumer and Industry Services, this would require the hiring of additional staff to perform these functions. There is currently no information available about what these costs would total or what fund source would be used to cover them.

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.