HOUSE
RESEARCH
ORGANIZATION bill digest 5/12/1999

HB 3016
Smithee

SUBJECT: Notice and appeal for medical necessity determinations

COMMITTEE: Insurance — favorable, without amendment

VOTE: 7 ayes — Smithee, Eiland, Burnam, G. Lewis, J. Moreno, Olivo, Wise

0 nays

2 absent — Seaman, Thompson

WITNESSES: For — Lisa McGiffert, Consumers Union

Against — None

BACKGROUND: Utilization review agents are employees of health insurers who determine whether health care services are medically necessary and should be covered by a policy. Agents have to be certified by the commissioner of insurance and are regulated through Art. 21.58A of the Insurance Code.

Sec. 5, Art. 21.58A of the Code requires an agent to notify the enrollee, a person acting on behalf of the enrollee, or the provider of record when the agent has made a determination on whether the treatment will be covered. If the agent turns down treatment, the agent is required to include in the notice:

- the principal reasons for the adverse determination;
- the clinical basis for the adverse determination;
- a description or the source of the screening criteria; and
- a description of the procedure for the complaint and appeal process.

Sec. 6A, Art. 21.58A of the Code establishes standards for the independent review of utilization review determinations.

DIGEST: HB 3016 would require adverse determination notices by utilization review agents to:

- be sent to the provider of record and the enrollee or person acting on behalf of the enrollee;
- notify the enrollee of the enrollee's right to appeal and procedures for

appealing to an independent review organization; and

! notify an enrollee with a life-threatening condition of the enrollee's right to an immediate review by an independent review organization and the procedures to obtain that review.

The bill would establish that a complaint filed with an agent concerning dissatisfaction or disagreement with an adverse determination would constitute an appeal of that adverse determination.

Written notice to the appealing party of the determination of the appeal would be required within 30 calendar days rather than 30 days as currently required. This notice would have to go to the provider of record as well as the enrollee or a person acting on behalf of the enrollee.

HB 3016 would take effect September 1, 1999.