

HOUSE BILL 1242

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Dellwo, Paris, Braddock, Edmondson and Anderson.

Read first time January 23, 1991. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to utilization review of health care benefits;
2 adding new sections to chapter 48.42 RCW; and providing an effective
3 date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.42 RCW
6 to read as follows:

7 The definitions set forth in this section apply in section 2 of
8 this act.

9 (1) "Review agent" means a person who performs utilization review
10 for a disability insurer, health care service contractor, or health
11 maintenance organization.

12 (2) "Utilization review" means a system for reviewing the
13 appropriate and efficient use or proposed use of health care services
14 by insureds, subscribers, enrollees, or other beneficiaries of
15 disability insurance policies, health care contracts, or health

1 maintenance agreements for the purpose of approving, denying, or
2 otherwise making recommendations concerning payment or coverage for
3 health care services.

4 (3) "Utilization review plan" means a description of the criteria,
5 procedures, and standards governing utilization review activities
6 performed by a review agent.

7 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.42 RCW
8 to read as follows:

9 Each review agent shall develop a utilization review plan. The
10 disability insurer, health care service contractor, or health
11 maintenance organization shall file the plan with the insurance
12 commissioner. The plan must include the following:

13 (1) Specific standards, criteria, and procedures to be used in
14 evaluating hospital, inpatient, or outpatient care that has been
15 proposed or is being or has been delivered;

16 (2) Those circumstances under which utilization review may be
17 delegated to a hospital utilization review program;

18 (3) The provisions by which patients or providers may seek
19 reconsideration or appeal of adverse decisions by the review agent and
20 the time period in which the agent must respond to the request for
21 reconsideration or appeal;

22 (4) The number, type, and qualifications of the personnel employed
23 by or contracting with the disability insurer, health care service
24 contractor, or health maintenance organization to perform the
25 utilization review;

26 (5) The procedures and policies to ensure that a representative of
27 the review agent is reasonably accessible at least five days a week
28 during normal business hours;

1 (6) The procedures and policies to ensure that all applicable state
2 and federal laws to protect the confidentiality of individual medical
3 records are followed;

4 (7) A copy of the written material intended to be sent to the
5 insureds, subscribers, enrollees, or beneficiaries and health care
6 providers to inform them of the requirements of the utilization review
7 plan;

8 (8) A copy of any payment incentive provision or plan designed to
9 control the amount, duration, or setting in which health care services
10 are rendered;

11 (9) Evidence of liability insurance carried by the review agent or
12 the insurer, contractor, or organization to cover potential liability
13 arising from utilization review activities. This liability insurance
14 coverage shall be in an amount, type, and nature satisfactory to the
15 insurance commissioner; and

16 (10) Other information the insurance commissioner determines to be
17 appropriate.

18 No insurer, health care service contractor, or health maintenance
19 organization may conduct a utilization review until a plan has been
20 filed with and approved by the commissioner.

21 The insurance commissioner may disallow any utilization review plan
22 if it does not meet the standards for utilization review adopted by the
23 commissioner by rule.

24 NEW SECTION. **Sec. 3.** This act shall take effect January 1,
25 1992, but the insurance commissioner may take all actions necessary to
26 ensure that this act is implemented on that date.