
HOUSE BILL 1825

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Edmondson, Anderson and Dellwo

Read first time 02/10/93. 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
16 maintenance agreements for the purpose of approving, denying, or
17 otherwise making recommendations concerning payment or coverage for
18 health care services.

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

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

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

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

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

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

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

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

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

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

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

36 (9) Evidence of liability insurance carried by the review agent or
37 the insurer, contractor, or organization to cover potential liability
38 arising from utilization review activities. This liability insurance

1 coverage shall be in an amount, type, and nature satisfactory to the
2 insurance commissioner; and

3 (10) Other information the insurance commissioner determines to be
4 appropriate.

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

8 The insurance commissioner may disallow any utilization review plan
9 if it does not meet the standards for utilization review adopted by the
10 commissioner by rule.

11 NEW SECTION. **Sec. 3.** This act shall take effect January 1, 1994,
12 but the insurance commissioner may take all actions necessary to ensure
13 that this act is implemented on that date.

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