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## Health Care & Wellness Committee

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### HB 2326

**Brief Description:** Transferring regulatory authority over independent review organizations to the insurance commissioner.

**Sponsors:** Representative Moeller.

#### Brief Summary of Bill

- Transfers regulatory authority over independent review organizations to the Office of the Insurance Commissioner.
- Requires independent review organizations to report decisions directly to the Insurance Commissioner.

**Hearing Date:** 1/12/16

**Staff:** Kelly Holler (786-7290) and Jim Morishima (786-7191).

#### Background:

A health plan enrollee may seek review by a certified independent review organization (IRO) of a carrier's adverse benefit determination. A carrier's decision to deny, modify, reduce, or terminate coverage of, or payment for, an enrollee's health care services may be reviewed by an IRO if: (1) the enrollee has exhausted the carrier's grievance process and received a final decision unfavorable to the enrollee; or (2) the carrier has exceeded the timeline for grievance resolution without good cause and without reaching a decision. Reviewers for the IRO make determinations regarding the medical necessity or appropriateness of, and the application of plan provisions to, health care services for an enrollee. The Department of Health (Department) certifies IRO's, and the Office of the Insurance Commissioner (OIC) maintains a rotational registry system to assign IRO's to specific disputes.

The Department adopts rules providing a procedure and criteria for certifying and regulating IRO's. The rules must ensure:

- the confidentiality of medical records transmitted to IRO's during the review process;

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- the qualifications of each individual making independent review determinations;
- the absence of actual or potential conflicts of interest or bias of IRO's;
- the fairness of IRO's decision-making procedures;
- the timeliness of IRO decisions;
- the timely notice of IRO decisions to enrollees;
- the presence of quality assurance mechanisms in IRO processes; and
- IRO compliance with any other reasonable requirements established by the Department.

The rules must also include provisions for termination of IRO certification if an organization fails to comply with certification requirements. The Department has authority to review the operation and performance of IRO's in response to complaints or other concerns about compliance.

The OIC establishes and administers a rotational registry system to assign certified IRO's to each dispute. The system is designed to ensure that assigned IRO's have the necessary expertise to review the medical condition or procedure underlying the dispute and that IRO's are free of any conflicts of interest or bias that would jeopardize their ability to make independent decisions. Carriers must select IRO's in the rotational manner described in the online registry system. Agency rules also require that health plan carriers submit final IRO decisions to the Office of the Insurance Commissioner's online database within three business days of receipt of the final IRO decision.

#### **Summary of Bill:**

Regulatory authority over IRO's is transferred from the Department to the Office of the Insurance Commissioner. The Insurance Commissioner (Commissioner) is responsible for certifying IRO's and must adopt rules by January 1, 2017, providing a procedure and criteria for IRO certification. The Commissioner must adopt rules consistent with statutory requirements previously administered by the Department. In addition, the Commissioner must adopt rules requiring IRO's to report decisions and associated information directly to the Commissioner.

Independent Review Organizations remain subject to rules adopted by the Department through December 31, 2016. Beginning January 1, 2017, the Commissioner has sole authority to certify IRO's and must automatically certify each IRO that was certified in good standing by the Department on December 31, 2016.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.