

FINAL BILL REPORT

HB 2326

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Synopsis as Enacted

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

Sponsors: Representatives Moeller and Appleton.

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health Care

Background:

A health plan enrollee may seek review of a carrier's adverse benefit determination. An independent review organization (IRO) may review a carrier's decision to deny, modify, reduce, or terminate coverage of, or payment for, an enrollee's health care services 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 application of plan provisions to, health care services for an enrollee. The Department of Health (Department) certifies IROs, and the Office of the Insurance Commissioner (OIC) maintains a rotational registry system to assign IROs to specific disputes.

The Department adopts rules providing a procedure and the criteria for certifying and regulating IROs. The rules must ensure:

- the confidentiality of medical records transmitted to IROs during the review process;
- the qualifications of each individual making independent review determinations;
- the absence of actual or potential conflicts of interest or bias of IROs;
- the fairness of IROs 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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Department's 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 IROs in response to complaints or other concerns about compliance.

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

Summary:

Regulatory authority over independent review organizations (IROs) is transferred from the Department of Health (Department) to the Office of the Insurance Commissioner. The Insurance Commissioner (Commissioner) is responsible for certifying IROs and must adopt rules by January 1, 2017, providing a procedure and the criteria for IRO certification. The rules adopted by the Commissioner must be consistent with statutory requirements previously administered by the Department. In addition, the Commissioner must adopt rules requiring IROs 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 IROs and must automatically certify each IRO that was certified in good standing by the Department as of December 31, 2016.

Votes on Final Passage:

House	77	20
Senate	40	8

Effective: June 9, 2016