S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the purpose of this
 measure is to comply with the requirements of the Patient
 Protection and Affordable Care Act of 2010, Public Law No. 111 148, and its implementing regulations by updating Hawaii's
 Patients' Bill of Rights and Responsibilities Act, chapter 432E,
 Hawaii Revised Statutes, to conform to the requirements of the
 federal law.

8 SECTION 2. Chapter 432E, Hawaii Revised Statutes, is
9 amended by adding a new part to be appropriately designated and
10 to read as follows:

 11
 "PART
 EXTERNAL REVIEW OF HEALTH

 12
 INSURANCE DETERMINATIONS

13 \$432E-A Applicability and scope. (a) Except as provided
14 in subsection (b), this part shall apply to all health carriers.
15 (b) This part shall not apply to a policy or certificate
16 that provides coverage only for a specified disease, specified
17 accident or accident-only coverage, credit, dental, disability
18 income, hospital indemnity, long term care insurance, vision
SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 care, any other limited supplemental benefit; to a medicare 2 supplemental policy of insurance, coverage under a plan through 3 medicare, medicaid, or the federal employees health benefits 4 program, any federal medical and dental care coverage issued 5 under chapter 55 of Title 10 United States Code and any coverage 6 issued as supplemental to that coverage; any coverage issued as 7 supplemental to liability insurance, workers' compensation or 8 similar insurance; automobile medical-payment insurance; any 9 insurance under which benefits are payable with or without regard to fault, whether written on a group blanket or 10 11 individual basis; or the employer union health benefits trust 12 fund so long as it is self-funded.

13 §432E-B Notice of right to external review. Notice of the 14 right to external review issued pursuant to this part shall set 15 forth the options available to the enrollee under this part. 16 The commissioner may specify the form and content of notice of 17 external review.

18 §432E-C Request for external review. (a) All requests
19 for external review of a health carrier's adverse action shall
20 be made in writing to the commissioner and shall include:

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	(1)	A copy of the final internal determination of the
2		health carrier, unless exempted pursuant to subsection
3		(b);
4	(2)	A signed authorization by or on behalf of the enrollee
5		for release of the enrollee's medical records relevant
6		to the external review;
7	(3)	A disclosure for conflict of interests evaluation, as
8		provided in section 432E-M; and
9	(4)	A filing fee of $\$, which shall be refunded if the
10		adverse determination or final internal adverse
11		determination is reversed through external review.
12	The commi	ssioner shall waive the filing fee required by this
13	subsection	n if payment of the fee would impose an undue financial
14	hardship	to the enrollee. The annual aggregate limit on filing
15	fees for	any enrollee within a single plan year shall not exceed
16	\$.	
17	(b)	The internal appeals process of a health carrier shall
18	be comple	ted before an external review request shall be
19	submitted	to the commissioner except in the following
20	circumsta	nces:
21	(1)	The health carrier has waived the requirement of
22		exhaustion of the internal appeals process;
	SB1274 HD	1 HMS 2011-3077 ,

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	(2)	The enrollee has applied for an expedited external
2		review at the same time that the enrollee applied for
3		an expedited internal appeal; provided that the
4		enrollee is eligible for an expedited external review;
5		or

6 (3) The health carrier has substantially failed to comply
7 with its internal appeals process.

8 §432E-D Standard external review. (a) An enrollee or the 9 enrollee's appointed representative may file a request for an 10 external review with the commissioner within one hundred thirty days of receipt of notice of an adverse action. 11 Within three 12 business days after the receipt of a request for external review 13 pursuant to this section, the commissioner shall send a copy of 14 the request to the health carrier.

(b) Within five business days following the date of receipt of the copy of the external review request from the commissioner pursuant to subsection (a), the health carrier shall determine whether:

19 (1) The individual is or was an enrollee in the health
20 benefit plan at the time the health care service was
21 requested or, in the case of a retrospective review,

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

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1		was an enrollee in the health benefit plan at the time
2		the health care service was provided;
3	(2)	The health care service that is the subject of the
4		adverse determination or the final adverse
5		determination would be a covered service under the
6		enrollee's health benefit plan but for a determination
7		by the health carrier that the health care service
8		does not meet the health carrier's requirements for
9		medical necessity, appropriateness, health care
10		setting, level of care, or effectiveness;
11	(3)	The enrollee has exhausted the health carrier's
12		internal appeals process or the enrollee is not
13		required to exhaust the health carrier's internal
14		appeals process pursuant to section 432E-C(b); and
15	(4)	The enrollee has provided all the information and
16		forms required to process an external review,
17		including a completed release form and disclosure form
18		as required by section 432E-C(a).
19	(c)	Within three business days after a determination of an
20	enrollee's	s eligibility for external review pursuant to
21	subsection	n (b), the health carrier shall notify the
22	commission	ner, the enrollee, and the enrollee's appointed
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S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

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1 representative in writing as to whether the request is complete 2 and whether the enrollee is eligible for external review. 3 If the request for external review submitted pursuant to 4 this section is not complete, the health carrier shall inform 5 the commissioner, the enrollee, and the enrollee's appointed 6 representative in writing that the request is incomplete and shall specify the information or materials required to complete 7 8 the request. 9 If the enrollee is not eligible for external review 10 pursuant to subsection (b), the health carrier shall inform the 11 commissioner, the enrollee, and the enrollee's appointed 12 representative in writing that the enrollee is not eligible for external review and the reasons for ineligibility. 13 14 Notice of ineligibility for external review pursuant to 15 this section shall include a statement informing the enrollee and the enrollee's appointed representative that a health 16 carrier's initial determination that the external review request 17 18 is ineligible for review may be appealed to the commissioner by 19 submission of a request to the commissioner.

20 (d) Upon receipt of a request for appeal pursuant to
21 subsection (c), the commissioner shall review the request for
22 external review submitted by the enrollee pursuant to subsection SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 (a), determine whether an enrollee is eligible for external 2 review and, if eligible, shall refer the enrollee to external 3 review. The commissioner's determination of eligibility for 4 external review shall be made in accordance with the terms of 5 the enrollee's health benefit plan and all applicable provisions 6 of this part. If an enrollee is not eligible for external 7 review, the commissioner shall notify the enrollee, the 8 enrollee's appointed representative, and the health carrier 9 within three business days of the reason for ineligibility.

(e) When the commissioner receives notice pursuant to
subsection (c) or makes a determination pursuant to subsection
(d) that an enrollee is eligible for external review, within
three business days after receipt of the notice or determination
of eligibility, the commissioner shall:

15 Randomly assign an independent review organization (1)16 from the list of approved independent review 17 organizations qualified to conduct the external 18 review, based on the nature of the health care service 19 that is the subject of the adverse action and other 20 factors determined by the commissioner including 21 conflicts of interest pursuant to section 432E-M, 22 compiled and maintained by the commissioner to conduct



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 the external review and notify the health carrier of 2 the name of the assigned independent review 3 organization; and 4 Notify the enrollee and the enrollee's appointed (2)5 representative, in writing, of the enrollee's 6 eligibility and acceptance for external review. 7 (f) An enrollee or an enrollee's appointed representative 8 may submit additional information in writing to the assigned 9 independent review organization for consideration in its 10 external review. The independent review organization shall 11 consider information submitted within five business days 12 following the date of the enrollee's receipt of the notice 13 provided pursuant to subsection (e). The independent review 14 organization may accept and consider additional information 15 submitted by an enrollee or an enrollee's appointed 16 representative after five business days. 17 (a) Within five business days after the date of receipt of

18 notice pursuant to subsection (e), the health carrier or its 19 designated utilization review organization shall provide to the 20 assigned independent review organization all documents and 21 information it considered in issuing the adverse action that is 22 the subject of external review. Failure by the health carrier SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 or its utilization review organization to provide the documents 2 and information within five business days shall not delay the 3 conduct of the external review; provided that the assigned 4 independent review organization may terminate the external 5 review and reverse the adverse action that is the subject of the 6 external review. The independent review organization shall 7 notify the enrollee, the enrollee's appointed representative, 8 the health carrier, and the commissioner within three business 9 days of the termination of an external review and reversal of an 10 adverse action pursuant to this subsection.

11 (h) The assigned independent review organization shall, 12 within one business day of receipt by the independent review 13 organization, forward all information received from the enrollee 14 pursuant to subsection (f) to the health carrier. Upon receipt 15 of information forwarded to it pursuant to this subsection, a 16 health carrier may reconsider the adverse action that is the 17 subject of the external review; provided that reconsideration by 18 the health carrier shall not delay or terminate an external review unless the health carrier reverses its adverse action and 19 20 provides coverage or payment for the health care service that is 21 the subject of the adverse action. The health carrier shall 22 notify the enrollee, the enrollee's appointed representative,



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	the assigned independent review organization, and the			
2	commissioner in writing of its decision to reverse its adverse			
3	action within three business days of making its decision to			
4	reverse	the adverse action and provide coverage. The assigned		
5	independe	ent review organization shall terminate its external		
6	review u <u>r</u>	oon receipt of notice pursuant to this subsection from		
7	the healt	ch carrier.		
8	(i)	In addition to the documents and information provided		
9	pursuant to subsections (f) and (g), the assigned independent			
10	review organization may consider the following in reaching a			
11	decision:			
12	(1)	The enrollee's medical records;		
13	(2)	The attending health care professional's		
14		recommendation;		
15	(3)	Consulting reports from appropriate health care		
16		professionals and other documents submitted by the		
17		health carrier, enrollee, enrollee's appointed		
18		representatives, or enrollee's treating provider;		
19	(4)	The most appropriate practice guidelines, which shall		
20		include applicable evidence-based standards and may		
21		include any practice guidelines developed by the		

SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1		federal government or national or professional medical
2		societies, boards, and associations;
3	(5)	Any applicable clinical review criteria developed and
4		used by the health carrier or its designated
5		utilization review organization; and
6	(6)	The opinion of the independent review organization's
7		clinical reviewer or reviewers pertaining to the
8		information enumerated in paragraphs (1) through (5)
9		to the extent the information or documents are
10	•	available and the clinical reviewer or reviewers
11		consider appropriate.
12	In r	eaching a decision, the assigned independent review
13	organizat	ion shall not be bound by any decisions or conclusions

14 reached during the health carrier's utilization review or 15 internal appeals process; provided that the independent review 16 organization's decision shall not contradict the terms of the 17 enrollee's health benefit plan or this part.

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	action th	at is the subject of the internal review. The		
2	independent review organization shall include in the notice of			
3	its decis	ion:		
4	(1)	A general description of the reason for the request		
5		for external review;		
6	(2)	The date the independent review organization received		
7		the assignment from the commissioner to conduct the		
8		external review;		
9	(3)	The date the external review was conducted;		
10	(4)	The date the decision was issued; and		
11	(5)	The basis for the independent review organization's		
12		decision, including its reasoning, rationale, and the		
13		supporting evidence or documentation, including		
14		evidence-based standards, that the independent review		
15		organization considered in reaching its decision.		
16	Upon	receipt of a notice of a decision reversing the		
17	adverse a	ction, the health carrier shall immediately approve the		
18	coverage	that was the subject of the adverse action.		
19	§432	E-E Expedited external review. (a) Except as		
20	provided	in subsection (i), an enrollee or the enrollee's		
21	appointed	representative may request an expedited external		
22	review wi	th the commissioner if the enrollee receives:		
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S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 (1)An adverse determination that involves a medical 2 condition of the enrollee for which the timeframe for 3 completion of an expedited internal appeal would 4 seriously jeopardize the enrollee's life, health, or 5 ability to gain maximum functioning or would subject 6 the enrollee to severe pain that cannot be adequately managed without the care or treatment that is the 7 8 subject of the adverse determination;

9 A final adverse determination if the enrollee has a (2) 10 medical condition where the timeframe for completion 11 of a standard external review would seriously 12 jeopardize the enrollee's ability to gain maximum 13 functioning, or would subject the enrollee to severe 14 pain that cannot be adequately managed without the 15 care or treatment that is the subject of the adverse 16 determination; or

17 (3) A final adverse determination if the final adverse
18 determination concerns an admission, availability of
19 care, continued stay, or health care service for which
20 the enrollee received emergency services; provided
21 that the enrollee has not been discharged from a

SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

14

facility for health care services related to the
 emergency services.

3 Upon receipt of a request for an expedited external (b) 4 review, the commissioner shall immediately send a copy of the 5 request to the health carrier. Immediately upon receipt of the 6 request, the health carrier shall determine whether the request 7 meets the reviewability requirements set forth in subsection 8 (a). The health carrier shall immediately notify the enrollee 9 or the enrollee's appointed representative of its determination 10 of the enrollee's eligibility for expedited external review.

Notice of ineligibility for expedited external review shall
include a statement informing the enrollee and the enrollee's
appointed representative that a health carrier's initial
determination that an external review request that is ineligible
for review may be appealed to the commissioner by submission of
a request to the commissioner.

(c) Upon receipt of a request for appeal pursuant to
subsection (b), the commissioner shall review the request for
expedited external review submitted pursuant to subsection (a)
and, if eligible, shall refer the enrollee for external review.
The commissioner's determination of eligibility for expedited
external review shall be made in accordance with the terms of
SB1274 HD1 HMS 2011-3077

1 the enrollee's health benefit plan and all applicable provisions 2 of this part. If an enrollee is not eligible for expedited 3 external review, the commissioner shall immediately notify the 4 enrollee, the enrollee's appointed representative, and the 5 health carrier of the reasons for ineligibility.

S.B. NO.

15

6 If the commissioner determines that an enrollee is (d) 7 eligible for expedited external review even though the enrollee has not exhausted the health carrier's internal review process, 8 9 the health carrier shall not be required to proceed with its 10 internal review process. The health carrier may elect to 11 proceed with its internal review process even though the request 12 is determined by the commissioner to be eligible for expedited 13 external review; provided that the internal review process shall 14 not delay or terminate an expedited external review unless the 15 health carrier decides to reverse its adverse determination and 16 provide coverage or payment for the health care service that is 17 the subject of the adverse determination. Immediately after 18 making a decision to reverse its adverse determination, the 19 health carrier shall notify the enrollee, the enrollee's 20 authorized representative, the independent review organization assigned pursuant to subsection (c), and the commissioner in 21 writing of its decision. The assigned independent review 22 SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

organization shall terminate the expedited external review upon
 receipt of notice from the health carrier pursuant to this
 subsection.

4 Upon receipt of the notice pursuant to subsection (a) (e) 5 or a determination of the commissioner pursuant to subsection 6 (c) that the enrollee meets the eligibility requirements for 7 expedited external review, the commissioner shall immediately 8 randomly assign an independent review organization to conduct 9 the expedited external review from the list of approved 10 independent review organizations qualified to conduct the 11 external review, based on the nature of the health care service 12 that is the subject of the adverse action and other factors 13 determined by the commissioner including conflicts of interest 14 pursuant to section 432E-M, compiled and maintained by the 15 commissioner to conduct the external review and immediately 16 notify the health carrier of the name of the assigned independent review organization. 17

S.B. NO. $B_{\text{H.D. 2}}^{1274}$

1	the adver	se action that is the subject of the expedited external				
2	review to the assigned independent review organization					
3	electroni	cally or by telephone, facsimile, or any other				
4	available	e expeditious method.				
5	(g) In addition to the documents and information provided					
6	or transm	nitted pursuant to subsection (f), the assigned				
7	independe	ent review organization may consider the following in				
8	reaching	a decision:				
9	(1)	The enrollee's pertinent medical records;				
10	(2)	The attending health care professional's				
11		recommendation;				
12	(3)	Consulting reports from appropriate health care				
13		professionals and other documents submitted by the				
14		health carrier, enrollee, the enrollee's appointed				
15		representative, or the enrollee's treating provider;				
16	(4)	The most appropriate practice guidelines, which shall				
17		include evidence-based standards, and may include any				
18		other practice guidelines developed by the federal				
19		government, national or professional medical				
20		societies, boards, and associations;				
21	(5)	Any applicable clinical review criteria developed and				
22		used by the health carrier or its designee utilization				



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

18

1 review organization in making adverse determinations;
2 and

3 (6) The opinion of the independent review organization's
4 clinical reviewer or reviewers pertaining to the
5 information enumerated in paragraphs (1) through (5)
6 to the extent the information and documents are
7 available and the clinical reviewer or reviewers
8 consider appropriate.

9 In reaching a decision, the assigned independent review 10 organization shall not be bound by any decisions or conclusions 11 reached during the health carrier's utilization review or 12 internal appeals process; provided that the independent review 13 organization's decision shall not contradict the terms of the 14 enrollee's health benefit plan or this part.

(h) As expeditiously as the enrollee's medical condition or circumstances requires, but in no event more than seventy-two hours after the date of receipt of the request for an expedited external review that meets the reviewability requirements set forth in subsection (a), the assigned independent review organization shall:

21 (1) Make a decision to uphold or reverse the adverse22 action; and



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

19

1	(2) Notify the enrollee, the enrollee's appointed
2	representative, the health carrier, and the
3	commissioner of the decision.
4 ·	If the notice provided pursuant to this subsection was not
5	in writing, within forty-eight hours after the date of providing
6	that notice, the assigned independent review organization shall
7	provide written confirmation of the decision to the enrollee,
8	the enrollee's appointed representative, the health carrier, and
9	the commissioner that includes the information provided in
10	section 432E-G.
11	Upon receipt of the notice of a decision reversing the
12	adverse action, the health carrier shall immediately approve the
13	coverage that was the subject of the adverse action.
14	(i) An expedited external review shall not be provided for
15	retrospective adverse or final adverse determinations.
16	§432E-F External review of experimental or investigational
17	treatment adverse determinations. (a) An enrollee or an
18	enrollee's appointed representative may file a request for an
19	external review with the commissioner within one hundred thirty
20	days of receipt of notice of an adverse action that involves a
21	denial of coverage based on a determination that the health care

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

20

service or treatment recommended or requested is experimental or
 investigational.

3 An enrollee or the enrollee's appointed representative (b) 4 may make an oral request for an expedited external review of the 5 adverse action if the enrollee's treating physician certifies, 6 in writing, that the health care service or treatment that is 7 the subject of the request would be significantly less effective 8 if not promptly initiated. A written request for an expedited 9 external review pursuant to this subsection shall include, and 10 oral request shall be promptly followed by, a certification 11 signed by the enrollee's treating physician and the 12 authorization for release and disclosures required by section 13 432E-C. Upon receipt of all items required by this subsection, 14 the commissioner shall immediately notify the health carrier. 15 (c) Upon notice of the request for expedited external 16 review, the health carrier shall immediately determine whether 17 the request meets the requirements of subsection (b). The 18 health carrier shall immediately notify the commissioner, the 19 enrollee, and the enrollee's appointed representative of its 20 eligibility determination.

21 Notice of eligibility for expedited external review
22 pursuant to this subsection shall include a statement informing
SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

21

the enrollee and, if applicable, the enrollee's appointed
 representative that a health carrier's initial determination
 that the external review request is ineligible for review may be
 appealed to the commissioner.

5 Upon receipt of a request for appeal pursuant to (d) subsection (c), the commissioner shall review the request for 6 7 external review submitted by the enrollee pursuant to subsection 8 (a), determine whether an enrollee is eligible for external review and, if eligible, shall refer the enrollee to external 9 10 review. The commissioner's determination of eligibility for 11 external review shall be made in accordance with the terms of 12 the enrollee's health benefit plan and all applicable provisions of this part. If an enrollee is not eligible for external 13 review, the commissioner shall notify the enrollee, the 14 15 enrollee's appointed representative, and the health carrier of the reason for ineligibility within three business days. 16

(e) Upon receipt of the notice pursuant to subsection (a)
or a determination of the commissioner pursuant to subsection
(d) that the enrollee meets the eligibility requirements for
expedited external review, the commissioner shall immediately
randomly assign an independent review organization to conduct
the expedited external review from the list of approved

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 independent review organizations qualified to conduct the 2 external review, based on the nature of the health care service that is the subject of the adverse action and other factors 3 4 determined by the commissioner including conflicts of interest 5 pursuant to section 432E-M, compiled and maintained by the 6 commissioner to conduct the external review and immediately 7 notify the health carrier of the name of the assigned 8 independent review organization.

9 Upon receipt of the notice from the commissioner of (f) 10 the name of the independent review organization assigned to 11 conduct the expedited external review, the health carrier or its 12 designee utilization review organization shall provide or 13 transmit all documents and information it considered in making 14 the adverse action that is the subject of the expedited external 15 review to the assigned independent review organization electronically or by telephone, facsimile, or any other 16 17 available expeditious method.

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	business	days following the date of receipt of notice, the
2	health ca	rrier shall determine whether:
3	(1)	The individual is or was an enrollee in the health
4		benefit plan at the time the health care service or
5		treatment was recommended or requested or, in the case
6		of a retrospective review, was an enrollee in the
7		health benefit plan at the time the health care
8		service or treatment was provided;
9	(2)	The recommended or requested health care service or
10		treatment that is the subject of the adverse action:
11		(A) Would be a covered benefit under the enrollee's
12		health benefit plan but for the health carrier's
13		determination that the service or treatment is
14		experimental or investigational for the
15		enrollee's particular medical condition; and
16		(B) Is not explicitly listed as an excluded benefit
17		under the enrollee's health benefit plan;
18	(3)	The enrollee's treating physician has certified in
19		writing that:
20		(A) Standard health care services or treatments have
21		not been effective in improving the condition of
22		the enrollee;
	GB127/ HD	1 HMG 2011_3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1		(B)	Standard health care services or treatments are
2			not medically appropriate for the enrollee; or
3		(C)	There is no available standard health care
4			service or treatment covered by the health
5			carrier that is more beneficial than the health
6			care service or treatment that is the subject of
7			the adverse action;
8	(4)	The	enrollee's treating physician:
9		(A)	Has recommended a health care service or
10			treatment that the physician certifies, in
11			writing, is likely to be more beneficial to the
12			enrollee, in the physician's opinion, than any
13			available standard health care services or
14			treatments; or
15		(B)	Who is a licensed, board certified or board
16			eligible physician qualified to practice in the
17			area of medicine appropriate to treat the
18			enrollee's condition, has certified in writing
19		-	that scientifically valid studies using accepted
20			protocols demonstrate that the health care
21			service or treatment that is the subject of the
22			adverse action is likely to be more beneficial to



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1		the enrollee than any available standard health
2		care services or treatments;
3	(5)	The enrollee has exhausted the health carrier's
4		internal appeals process or the enrollee is not
5		required to exhaust the health carrier's internal
6		appeals process pursuant to section 432E-C(b); and
7	(6)	The enrollee has provided all the information and
8		forms required by the commissioner that are necessary
9		to process an external review, including the release
10		form and disclosure of conflict of interest
11		information as provided under section 432E-5.
12	(h)	Within three business days after determining the
13	enrollee':	s eligibility for external review pursuant to
14	subsection	n (g), the health carrier shall notify the
15	commission	ner, the enrollee, and the enrollee's appointed
16	representa	ative in writing as to whether the request is complete
17	and eligi	ble for external review.
18	If t]	he request is not complete, the health carrier shall
19	inform the	e commissioner, the enrollee, and the enrollee's
20	appointed	representative in writing of the information or

21 materials needed to complete the request.

SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

26

If the enrollee is not eligible for external review
 pursuant to subsection (g), the health carrier shall inform the
 commissioner, the enrollee, and the enrollee's appointed
 representative in writing of the ineligibility and the reasons
 for ineligibility.

6 Notice of ineligibility pursuant to this subsection shall
7 include a statement informing the enrollee and the enrollee's
8 appointed representative that a health carrier's initial
9 determination that the external review request is ineligible for
10 review may be appealed to the commissioner by submitting a
11 request to the commissioner.

12 If a request for external review is determined eligible for 13 external review, the health carrier shall notify the 14 commissioner and the enrollee and, if applicable, the enrollee's 15 appointed representative.

16 (i) Upon receipt of a request for appeal pursuant to 17 subsection (h), the commissioner shall review the request for 18 external review submitted pursuant to subsection (a) and, if 19 eligible, shall refer the enrollee for external review. The 20 commissioner's determination of eligibility for expedited 21 external review shall be made in accordance with the terms of 22 the enrollee's health benefit plan and all applicable provisions SB1274 HD1 HMS 2011-3077



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

27

of this part. If an enrollee is not eligible for external 1 2 review, the commissioner shall notify the enrollee, the 3 enrollee's appointed representative, and the health carrier of 4 the reasons for ineligibility within three business days. 5 (j) When the commissioner receives notice pursuant to 6 subsection (h) or makes a determination pursuant to subsection 7 (i) that an enrollee is eligible for external review, within 8 three business days after receipt of the notice or determination 9 of eligibility, the commissioner shall:

10 (1)Randomly assign an independent review organization 11 from the list of approved independent review 12 organizations qualified to conduct the external 13 review, based on the nature of the health care service 14 that is the subject of the adverse action and other 15 factors determined by the commissioner including 16 conflicts of interest pursuant to section 432E-M, 17 compiled and maintained by the commissioner pursuant 18 to conduct the external review and notify the health 19 carrier of the name of the assigned independent review 20 organization; and

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

28

1 Notify the enrollee and the enrollee's appointed (2)2 representative, in writing, of the enrollee's 3 eligibility and acceptance for external review. 4 An enrollee or an enrollee's appointed representative (k) may submit additional information in writing to the assigned 5 6 independent review organization for consideration in its 7 external review. The independent review organization shall consider information submitted within five business days 8 9 following the date of the enrollee's receipt of the notice provided pursuant to subsection (j). The independent review 10 11 organization may accept and consider additional information submitted by an enrollee after five business days. 12 Within five business days after the date of receipt of 13 (1)notice pursuant to subsection (j), the health carrier or its 14 designated utilization review organization shall provide to the 15 assigned independent review organization all documents and 16

17 information it considered in issuing the adverse action that is 18 the subject of external review. Failure by the health carrier 19 or its utilization review organization to provide the documents 20 and information within five business days shall not delay the 21 conduct of the external review; provided that the assigned 22 independent review organization may terminate the external

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

29

review and reverse the adverse action that is the subject of the
 external review. The independent review organization shall
 notify the enrollee, the enrollee's appointed representative,
 the health carrier, and the commissioner within three business
 days of the termination of an external review and reversal of an
 adverse action pursuant to this subsection.

7 (m) Within three business days after the receipt of the
8 notice of assignment to conduct the external review pursuant to
9 subsection (j), the assigned independent review organization
10 shall:

11 (1)Select a clinical reviewer who shall be a physician or 12 other health care professional who meets the minimum 13 qualifications described in section 432E-I and, 14 through clinical experience in the past three years, 15 is an expert in the treatment of the enrollee's 16 condition and knowledgeable about the recommended or 17 requested health care service or treatment to conduct 18 the external review; provided that neither the 19 enrollee, the enrollee's appointed representative, nor 20 the health carrier shall choose or control the choice 21 of the physicians or other health care professionals 22 to be selected to conduct the external review; and

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

30

1 (2)Based on the written opinion of the clinical reviewer 2 to the assigned independent review organization on 3 whether the recommended or requested health care 4 service or treatment should be covered, make a 5 determination to uphold or reverse the adverse action. 6 In reaching an opinion, the clinical reviewer is not bound 7 by any decisions or conclusions reached during the health 8 carrier's utilization review process or internal appeals 9 process.

10 The assigned independent review organization, within (n) 11 one business day of receipt by the independent review 12 organization, shall forward all information received from the enrollee pursuant to subsection (k) to the health carrier. Upon 13 14 receipt of information forwarded to it pursuant to this 15 subsection, a health carrier may reconsider the adverse action 16 that is the subject of the external review; provided that 17 reconsideration by the health carrier shall not delay or 18 terminate an external review unless the health carrier reverses 19 its adverse action and provides coverage or payment for the health care service that is the subject of the adverse action. 20 21 The health carrier shall notify the enrollee, the enrollee's 22 appointed representative, the assigned independent review.



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

31

organization, and the commissioner in writing of its decision to
 reverse its adverse action and within three business days of
 making its decision to reverse the adverse action and provide
 coverage. The assigned independent review organization shall
 terminate its external review upon receipt of notice pursuant to
 this subsection from the health carrier.

7 (o) Except as provided in subsection (p), within twenty
8 days after being selected to conduct the external review, a
9 clinical reviewer shall provide an opinion to the assigned
10 independent review organization pursuant to subsection (q)
11 regarding whether the recommended or requested health care
12 service or treatment subject to an appeal pursuant to this
13 section shall be covered.

14 The clinical reviewer's opinion shall be in writing and 15 shall include:

16 A description of the enrollee's medical condition; (1)17 (2)A description of the indicators relevant to 18 determining whether there is sufficient evidence to 19 demonstrate that the recommended or requested health 20 care service or treatment is more likely than not to 21 be more beneficial to the enrollee than any available 22 standard health care services or treatments and



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 whether the adverse risks of the recommended or 2 requested health care service or treatment would not 3 be substantially increased over those of available 4 standard health care services or treatments: A description and analysis of any medical or 5 (3) scientific evidence, as that term is defined in 6 7 section 432E-1, considered in reaching the opinion; 8 (4)A description and analysis of any evidence-based 9 standard, as that term is defined in section 432E-1; 10 and 11 (5) Information on whether the reviewer's rationale for 12 the opinion is based on approval of the health care 13 service or treatment by the federal Food and Drug 14 Administration for the condition or medical or 15 scientific evidence or evidence-based standards that 16 demonstrate that the expected benefits of the 17 recommended or requested health care service or 18 treatment is likely to be more beneficial to the 19 enrollee than any available standard health care 20 services or treatments and the adverse risks of the 21 recommended or requested health care service or 22 treatment would not be substantially increased over



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 those of available standard health care services or
2 treatments.

(p) Notwithstanding the requirements of subsection (o), in
an expedited external review, the clinical reviewer shall
provide an opinion orally or in writing to the assigned
independent review organization as expeditiously as the
enrollee's medical condition or circumstances require, but in no
event more than five calendar days after being selected in
accordance with subsection (m).

If the opinion provided pursuant to this subsection was not in writing, within forty-eight hours following the date the opinion was provided, the clinical reviewer shall provide written confirmation of the opinion to the assigned independent review organization and include the information required under subsection (o).

(q) In addition to the documents and information provided pursuant to subsection (b) or (l), a clinical reviewer may consider the following in reaching an opinion pursuant to subsection (o):

- 20 (1) The enrollee's pertinent medical records;
- 21 (2) The attending physician's or health care
- 22

professional's recommendation;



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	(3)	Cons	ulting reports from appropriate health care
2		prof	essionals and other documents submitted by the
3		heal	th carrier, enrollee, the enrollee's appointed
4		repr	esentative, or the enrollee's treating physician
5		or h	ealth care professional; and
6	(4)	Whet	her:
7		(A)	The recommended health care service or treatment
8			has been approved by the federal Food and Drug
9			Administration, if applicable, for the condition;
10			or
11		(B)	Medical or scientific evidence or evidence-based
12			standards demonstrate that the expected benefits
13			of the recommended or requested health care
14			service or treatment is more likely than not to
15			be beneficial to the enrollee than any available
16			standard health care service or treatment and the
17			adverse risks of the recommended or requested
18			health care service or treatment would not be
19			substantially increased over those of available
20			standard health care services or treatments;

SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

provided that the independent review organization's decision
 shall not contradict the terms of the enrollee's health benefit
 plan or the provisions of this chapter.

4 (r) Except as provided in subsection (s), within twenty 5 days after the date it receives the opinion of the clinical 6 reviewer pursuant to subsection (o), the assigned independent 7 review organization, in accordance with subsection (t), shall 8 determine whether the health care service at issue in an 9 external review pursuant to this section shall be a covered 10 benefit and shall notify the enrollee, the enrollee's appointed 11 representative, the health carrier, and the commissioner of its 12 determination. The independent review organization shall 13 include in the notice of its decision:

14 (1) A general description of the reason for the request15 for external review;

16 (2) The written opinion of each clinical reviewer,

including the recommendation of each clinical reviewer
as to whether the recommended or requested health care
service or treatment should be covered and the
rationale for the reviewer's recommendation;

SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

36

1 (3) The date the independent review organization was 2 assigned by the commissioner to conduct the external 3 reviewer; 4 (4)The date the external review was conducted; 5 (5)The date the decision was issued; 6 (6)The principal reason or reasons for its decision; and 7 (7)The rationale for its decision. 8 Upon receipt of a notice of a decision reversing the 9 adverse action, the health carrier immediately shall approve 10 coverage of the recommended or requested health care service or 11 treatment that was the subject of the adverse action. 12 (s) For an expedited external review, within forty-eight 13 hours after the date it receives the opinion of each clinical 14 reviewer, the assigned independent review organization, in 15 accordance with subsection (t), shall make a decision and 16 provide notice of the decision orally or in writing to the 17 enrollee, the enrollee's appointed representative, the health 18 carrier, and the commissioner. 19 If the notice provided was not in writing, within forty-20 eight hours after the date of providing that notice, the 21 assigned independent review organization shall provide written 22 confirmation of the decision to the enrollee, the enrollee's SB1274 HD1 HMS 2011-3077
S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

37

appointed representative, the health carrier, and the
 commissioner.

3 (t) If the clinical reviewer recommends that the health
4 care service or treatment at issue in the external review
5 pursuant to this section should be covered, the independent
6 review organization shall reverse the health carrier's adverse
7 action.

8 If the clinical reviewer recommends that the health care 9 service or treatment at issue in the external review pursuant to 10 this section should not be covered, the independent review 11 organization shall make a decision to uphold the health 12 carrier's adverse action.

13 §432E-G Binding nature of external review decision. (a)
14 An external review decision shall be binding on the health
15 carrier and the enrollee except to the extent that the health
16 carrier or the enrollee has other remedies available under
17 applicable federal or state law.

(b) An enrollee or the enrollee's appointed representative
shall not file a subsequent request for external review
involving the same adverse action for which the enrollee has
already received an external review decision pursuant to this
part.



S.B. NO. $_{\text{H.D. 1}}^{1274}$

1	§432	E-H Approval of independent review organizations. (a)
- 2	An indepe	endent review organization shall be approved by the
3	commissic	oner in order to be eligible to be assigned to conduct
4	external	reviews under this part.
5	(b)	To be eligible for approval by the commissioner to
6	conduct e	external reviews under this part an independent review
7	organizat	ion shall:
8	(1)	Submit an application on a form required by the
9		commissioner and include all documentation and
10		information necessary for the commissioner to
11		determine if the independent review organization
12		satisfies the minimum qualifications established under
13		this part; and
14	(2)	Except as otherwise provided in subsection (c), shall
15		be accredited by a nationally recognized private
16		accrediting entity that the commissioner has
17		determined has independent review organization
18		accreditation standards that are equivalent to or
19		exceed the minimum standards established by this
20		section and section 432E-I.
21	(c)	The commissioner may approve independent review
22	organizat:	ions that are not accredited by a nationally recognized
		1 HMS 2011-3077 "*

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

private accrediting entity if there are no acceptable nationally
 recognized private accrediting entities providing independent
 review organization accreditation.

4 (d) The commissioner may charge an application fee that
5 the independent review organizations shall submit to the
6 commissioner with an application for approval and re-approval.

7 (e) Approval pursuant to this section is effective for two 8 years, unless the commissioner determines before its expiration that the independent review organization does not meet the 9 10 minimum qualifications established under this part. If the 11 commissioner determines that an independent review organization 12 has lost its accreditation or no longer satisfies the minimum 13 requirements of this part, the commissioner shall terminate the 14 approval of the independent review organization and remove the 15 independent review organization from the list of independent 16 review organizations approved to conduct external reviews 17 maintained by the commissioner.

18 (f) The commissioner shall maintain and periodically19 update a list of approved independent review organizations.

20 §432E-I Minimum qualifications for independent review
 21 organizations. (a) To be eligible for approval under this part
 22 to conduct external reviews, an independent review organization
 SB1274 HD1 HMS 2011-3077 "

1274 S.D. 2 H.D. 1 S.B. NO.

shall have and maintain written policies and procedures that 1 govern all aspects of both the standard external review process 2 and the expedited external review process set forth in this part 3 4 that include, at minimum:

5	(1)	A qu	ality assurance mechanism in place that ensures:
6		(A)	That external reviews are conducted within the
7			specified time frames of this part and required
8			notices are provided in a timely manner;
9		(B)	The selection of qualified and impartial clinical
10			reviewers to conduct external reviews on behalf
11			of the independent review organization and
12			suitable matching of reviewers to specific cases;
13			provided that an independent review organization
14			shall employ or contract with an adequate number
15			of clinical reviewers to meet this objective;
16		(C)	Confidentiality of medical and treatment records
17			and clinical review criteria; and
18		(D)	That any person employed by or under contract
19			with the independent review organization complies
20			with the requirements of this part;
21	(2)	Toll	-free telephone, facsimile, and email capabilities

to receive information related to external reviews

22

SB1274 HD1 HMS 2011-3077

Page 41

41

1 twenty-four hours a day, seven days per week that are 2 capable of accepting, recording, or providing 3 appropriate instruction to incoming telephone callers during other than normal business hours and 4 5 facilitating necessary communication under this part; 6 and 7 (3) An agreement to maintain and provide to the 8 commissioner the information required by this part. 9 (b) Each clinical reviewer assigned by an independent 10 review organization to conduct an external review shall be a 11 physician or other appropriate health care provider who: 12 Is an expert in the treatment of the medical condition (1)13 that is the subject of the external review; 14 (2)Is knowledgeable about the recommended health care 15 service and treatment through recent or current actual 16 clinical experience treating patients with the same or similar medical condition at issue in the external 17 18 review; 19 (3) Holds a non-restricted license in a state of the 20 United States and, for physicians, a current 21 certification by a recognized American Medical

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

42

1 Specialty Board in the area or areas appropriate to 2 the subject of the external review; and 3 (4) Has no history of disciplinary actions or sanctions, 4 including loss of staff privileges or participation 5 restrictions, imposed or pending by any hospital, 6 governmental agency or unit, or regulatory body that 7 raises a substantial question as to the clinical 8 reviewer's physical, mental, or professional 9 competence or moral character.

10 (c) An independent review organization shall not own or
11 control, be a subsidiary of, or in any way be owned or
12 controlled by, or exercise control over a health carrier, health
13 benefit plan, a national, state, or local trade association of
14 health benefit plans, or a national, state, or local trade
15 association of health care providers.

(d) To be eligible to conduct an external review of a
specified case, neither the independent review organization
selected to conduct the external review nor any clinical
reviewer assigned by the independent review organization to
conduct the external review shall have a material professional,
familial, or financial conflict of interest with any of the
following:



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S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

43

1	(1)	The health carrier that is the subject of the external
2	,	review;
3	(2)	The enrollee whose treatment is the subject of the
4		external review, the enrollee's appointed
5		representative, or the enrollee's immediate family;
6	(3)	Any officer, director, or management employee of the
7		health carrier that is the subject of the external
8		review;
9	(4)	The health care provider, the health care provider's
10		medical group, or independent practice association
11		recommending the health care service or treatment that
12		is the subject of the external review;
13	(5)	The facility at which the recommended health care
14		service or treatment would be provided;
15	(6)	The developer or manufacturer of the principal drug,
16		device, procedure, or other therapy recommended for
17		the enrollee whose treatment is the subject of the
18		external review; or
19	(7)	The health benefit plan that is the subject of the
20		external review, the plan administrator, or any
21		fiduciary or employee of the plan.

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

44

1 The commissioner may determine that no material 2 professional, familial, or financial conflict of interest exists 3 based on the specific characteristics of a particular 4 relationship or connection that creates an apparent 5 professional, familial, or financial conflict of interest. 6 An independent review organization that is accredited (e) 7 by a nationally recognized private accrediting entity that has 8 independent review accreditation standards that the commissioner 9 has determined are equivalent to or exceed the minimum 10 qualifications of this section shall be presumed to be in 11 compliance with this section to be eligible for approval under 12 this part. 13 The commissioner shall review, initially upon approval of 14 an accredited independent review organization and periodically 15 during the time that the independent review organization remains 16 approved pursuant to this section, the accreditation standards

17 of the nationally recognized private accrediting entity to 18 determine whether the entity's standards are, and continue to be 19 equivalent to, or exceed the minimum qualifications established 20 under this section; provided that a review conducted by the 21 National Association of Insurance Commissioners shall satisfy 22 the requirements of this section.

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1 Upon request of the commissioner, a nationally recognized 2 private accrediting entity shall make its current independent review organization accreditation standards available to the 3 4 commissioner or the National Association of Insurance 5 Commissioners in order for the commissioner to determine if the 6 entity's standards are equivalent to or exceed the minimum 7 qualifications established under this section. The commissioner 8 may exclude any private accrediting entity that is not reviewed 9 by the National Association of Insurance Commissioners.

10 (f) An independent review organization shall establish and
11 maintain written procedures to ensure that it is unbiased in
12 addition to any other procedures required under this section.

13 §432E-J Hold harmless for independent review

14 organizations. No independent review organization or clinical 15 reviewer working on behalf of an independent review organization or an employee, agent, or contractor of an independent review 16 organization shall be liable in damages to any person for any 17 18 opinions rendered or acts or omissions performed within the 19 scope of the organization's or person's duties under the law 20 during or upon completion of an external review conducted 21 pursuant to this part, unless the opinion was rendered or the

SB1274 HD1 HMS 2011-3077

46

act or omission was performed in bad faith or involved gross
 negligence.

3 §432E-K External review reporting requirements. (a) An
4 independent review organization assigned pursuant to this part
5 to conduct an external review shall maintain written records in
6 the aggregate by state and by health carrier on all requests for
7 external review for which it conducted an external review during
8 a calendar year and upon request shall submit a report to the
9 commissioner, as required under subsection (b).

10 (b) Each independent review organization required to
11 maintain written records on all requests for external review
12 pursuant to subsection (a) for which it was assigned to conduct
13 an external review shall submit to the commissioner, upon
14 request, a report in the format specified by the commissioner.
15 The report shall include in the aggregate by state, and for each
16 health carrier:

17 (1) The total number of requests for external review;
18 (2) The number of requests for external review resolved
19 and, of those resolved, the number resolved upholding
20 the adverse action and the number resolved reversing
21 the adverse action;

22 (3) The average length of time for resolution;



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

47

1 (4)The summary of the types of coverages or cases for 2 which an external review was sought, as provided in 3 the format required by the commissioner; 4 (5) The number of external reviews that were terminated as 5 the result of a reconsideration by the health carrier of its adverse action after the receipt of additional 6 7 information from the enrollee or the enrollee's 8 appointed representative; and 9 (6) Any other information the commissioner may request or 10 require. 11 The independent review organization shall retain the 12 written records required pursuant to this subsection for at 13 least three years. 14 (c) Each health carrier shall maintain written records in 15 the aggregate, by state and for each type of health benefit plan 16 offered by the health carrier on all requests for external 17 review that the health carrier receives notice of from the 18 commissioner pursuant to this part. 19 Each health carrier required to maintain written records on all requests for external review shall submit to the 20 21 commissioner, upon request, a report in the format specified by

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

the commissioner that includes in the aggregate, by state, and 1 2 by type of health benefit plan: 3 The total number of requests for external review; (1)4 (2)From the total number of requests for external review 5 reported, the number of requests determined eligible for a full external review; and 6 7 (3) Any other information the commissioner may request or 8 require. 9 The health carrier shall retain the written records 10 required pursuant to this subsection for at least three years. 11 §432E-L Funding of external review. The health carrier 12 against which a request for a standard external review or an 13 expedited external review is filed shall pay the cost of the 14 independent review organization for conducting the external 15 There shall be no recourse against the commissioner for review. 16 the cost of conducting the external review and the selection of 17 an independent review organization shall not be subject to 18 chapter 103D; provided that the commissioner may initially 19 approve up to three independent review organizations to serve 20 beginning on the effective date of this part until the initial 21 procurement process is completed; provided further that in any 22 year in which procurement subject to chapter 103D does not SB1274 HD1 HMS 2011-3077 48

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

produce at least three independent review organizations eligible
 for selection under section 432E-I, the commissioner may approve
 up to three independent review organizations notwithstanding the
 requirements of chapter 103D.

5 §432E-M Disclosure requirements. (a) Each health carrier
6 shall include a description of the external review procedures in
7 or attached to the policy, certificate, membership booklet,
8 outline of coverage, or other evidence of coverage it provides
9 to enrollees.

10 (b) Disclosure shall be in a format prescribed by the commissioner and shall include a statement informing the 11 12 enrollee of the right of the enrollee to file a request for an 13 external review of an adverse action with the commissioner. The 14 statement may explain that external review is available when the 15 adverse action involves an issue of medical necessity, 16 appropriateness, health care setting, level of care, or 17 effectiveness. The statement shall include the telephone number 18 and address of the commissioner.

(c) In addition to the requirements of subsection (b), the statement shall inform the enrollee that, when filing a request for an external review, the enrollee or the enrollee's appointed representative shall be required to authorize the release of any SB1274 HD1 HMS 2011-3077 "

1 medical records of the enrollee that may be required to be 2 reviewed for the purpose of reaching a decision on the external 3 review and shall be required to provide written disclosures to 4 permit the commissioner to perform a conflict of interest 5 evaluation for selection of an appropriate independent review 6 organization.

S.B. NO.

50

7 Each health carrier shall have available on its (d) 8 website and provide upon request to any enrollee, forms for the 9 purpose of requesting an external review, which shall include an 10 authorization release form that complies with the federal Health 11 Insurance Portability and Accountability Act as well as a 12 disclosure form for conflict of interest evaluation purposes 13 that shall include the name of the enrollee, any authorized 14 representative acting on behalf of the enrollee, the enrollee's 15 immediate family members, the health carrier that is the subject 16 of the external review, the health benefit plan, the plan 17 administrator, plan fiduciaries and plan employees if the 18 enrollee is in a group health benefits plan, the health care 19 providers treating the enrollee for purposes of the condition that is the subject of the external review and the providers' 20 21 medical groups, the health care provider and facility at which 22 the requested health care service or treatment would be

provided, and the developer or manufacturer of the principal drug, device, procedure, or other therapy that is the subject of the external review request.

S.B. NO.

51

4 (e) Each health carrier doing business in Hawaii shall 5 file with the commissioner by the effective date of this part, 6 information to permit the commissioner to perform a conflict of 7 interest evaluation for selection of an appropriate independent 8 review organization in the event of a request for external 9 review involving the health carrier. A filing pursuant to this 10 section shall include the name of the health carrier, its 11 officers, directors, and management employees. The health 12 carrier shall promptly amend its filing with the commissioner 13 when there is any change of officers, directors, or managing 14 employees.

(f) The commissioner may prescribe the form or format to use for the release authorization required by subsection (d) and the conflict of interest disclosures required by subsections (d) and (e).

(g) No disclosure required for purposes of this part shall
include lawyer-client privileged communications protected
pursuant to the Hawaii Rules of Evidence Rule 503.

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

52

1	§432E-N Rules. The insurance commissioner shall adopt
2	rules pursuant to chapter 91 to effectuate the purpose of this
3	part including requirements for forms to request external review
4	and expedited external review, to request approval by
5	independent review organizations, and for disclosure of
6	conflicts of interest by enrollees and health carriers."
7	SECTION 3. Chapter 432E, Hawaii Revised Statutes, is
8	amended by designating sections 432E-1 through 432E-2 as part I,
9	entitled "General Provisions".
10	SECTION 4. Chapter 432E, Hawaii Revised Statutes, is
11	amended by designating sections 432E-3 through 432E-8 as part
12	II, entitled "General Policies".
13	SECTION 5. Chapter 432E, Hawaii Revised Statutes, is
14	amended by designating sections 432E-9 through 432E-13 as part
15	III, entitled "Reporting and Other Provisions".
16	SECTION 6. Section 432E-1, Hawaii Revised Statutes, is
17	amended to read as follows:
18	"§432E-1 Definitions. As used in this chapter, unless the
19	context otherwise requires:
20	"Adverse action" means an adverse determination or a final
21	adverse determination.

S.B. NO. ${}^{1274}_{\text{S.D. 2}}_{\text{H.D. 1}}$

53

1	"Adverse determination" means a determination by a health
2	carrier or its designated utilization review organization that
3	an admission, availability of care, continued stay, or other
4	health care service that is a covered benefit has been reviewed
5	and, based upon the information provided, does not meet the
6	health carrier's requirements for medical necessity,
7	appropriateness, health care setting, level of care, or
8	effectiveness, and the requested service or payment for the
9	service is therefore denied, reduced, or terminated.
10	"Ambulatory review" means a utilization review of health
11	care services performed or provided in an outpatient setting.
12	"Appeal" means a request from an enrollee to change a
13	previous decision made by the [managed care plan.] <u>health</u>
14	carrier.
15	"Appointed representative" means a person who is expressly
16	permitted by the enrollee or who has the power under Hawaii law
17	to make health care decisions on behalf of the enrollee,
18	including:
19	(1) A person to whom a enrollee has given express written
20	consent to represent the enrollee in an external
21	review;

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	(2)	A person authorized by law to provide substituted
2		consent for a enrollee;
3	<u>(3)</u>	A family member of the enrollee or the enrollee's
4		treating health care professional, only when the
5		enrollee is unable to provide consent;
6	[(1)]	(4) A court-appointed legal guardian;
7	[(2)]	(5) A person who has a durable power of attorney for
8		health care; or
9	[(3)]	(6) A person who is designated in a written advance
10		directive[+];
11	provided a	that an appointed representative shall include an
12	"authorize	ed representative" as used in the federal Patient
13	Protection	n and Affordable Care Act.
14	"Best	evidence" means evidence based on:
15	(1)	Randomized clinical trials;
16	(2)	If randomized clinical trials are not available,
17		cohort studies or case-control studies;
18	<u>(3)</u>	If the trials in paragraphs (1) and (2) are not
19		available, case-series; or
20	(4)	If the sources of information in paragraphs (1), (2),
21		and (3) are not available, expert opinion.



S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

55

1	"Case management" means a coordinated set of activities
2	conducted for individual patient management of serious,
3	complicated, protracted, or other health conditions.
4	"Case-control study" means a prospective evaluation of two
5	groups of patients with different outcomes to determine which
6	specific interventions the patients received.
7	"Case-series" means an evaluation of patients with a
8	particular outcome, without the use of a control group.
9	"Certification" means a determination by a health carrier
10	or its designated utilization review organization that an
11	admission, availability of care, continued stay, or other health
12	care service has been reviewed and, based on the information
13	provided, satisfies the health carrier's requirements for
14	medical necessity, appropriateness, health care setting, level
15	of care, and effectiveness.
16	"Clinical review criteria" means the written screening
17	procedures, decision abstracts, clinical protocols, and practice
18	guidelines used by a health carrier to determine the necessity
19	and appropriateness of health care services.
20	"Cohort study" means a prospective evaluation of two groups
21	of patients with only one group of patients receiving a specific
22	intervention.

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	"Commissioner" means the insurance commissioner.			
2	"Complaint" means an expression of dissatisfaction, either			
3.	oral or written.			
4	"Concurrent review" means a utilization review conducted			
5	during a patient's hospital stay or course of treatment.			
6	"Covered benefits" or "benefits" means those health care			
7	services to which an enrollee is entitled under the terms of a			
8	health benefit plan.			
9	"Discharge planning" means the formal process for			
10	determining, prior to discharge from a facility, the			
11	coordination and management of the care that an enrollee			
12	receives following discharge from a facility.			
13	"Disclose" means to release, transfer, or otherwise divulge			
14	protected health information to any person other than the			
15	individual who is the subject of the protected health			
16	information.			
17	"Emergency services" means services provided to an enrollee			
18	when the enrollee has symptoms of sufficient severity that a			
19	layperson could reasonably expect, in the absence of medical			
20	treatment, to result in placing the enrollee's health or			
21	condition in serious jeopardy, serious impairment of bodily			

SB1274 HD1 HMS 2011-3077

57

1 functions, serious dysfunction of any bodily organ or part, or 2 death.

3	"Enrollee" means a person who enters into a contractual
4	relationship <u>under</u> or who is provided with health care services
5	or benefits through a [managed care plan.] health benefit plan.
6	["Expedited appeal" means the internal review of a
7	complaint or an external review of the final internal
8	determination of an enrollee's complaint, which is completed
9	within seventy two hours after receipt of the request for
10	expedited-appeal.
11	"External review" means an administrative review requested
12	by an enrollee under section 432E 6 of a managed care plan's
13	final internal determination of an enrollee's complaint.]
14	"Evidence-based standard" means the conscientious,
15	explicit, and judicious use of the current best evidence based
16	on the overall systematic review of the research in making
17	decisions about the care of individual patients.
18	"Expert opinion" means a belief or interpretation by
19	specialists with experience in a specific area about the
20	scientific evidence pertaining to a particular service,
21	intervention, or therapy.



S.B. NO. $^{1274}_{\text{S.D. 2}}_{\text{H.D. 1}}$

1	"External review" means a review of an adverse
2	determination (including a final adverse determination)
3	conducted by an independent review organization pursuant to this
4	chapter.
5	"Facility" means an institution providing health care
6	services or a health care setting, including but not limited to,
7	hospitals and other licensed inpatient centers, ambulatory
8	surgical or treatment centers, skilled nursing centers,
9	residential treatment centers, diagnostic, laboratory and
10	imaging centers, and rehabilitation and other therapeutic health
11	settings.
12	"Final adverse determination" means an adverse
13	determination involving a covered benefit that has been upheld
14	by a health carrier or its designated utilization review
15	organization at the completion of the health carrier's internal
16	grievance process procedures, or an adverse determination with
17	respect to which the internal appeals process is deemed to have
18	been exhausted under section 432E-C(b).
19	"Health benefit plan" means a policy, contract, certificate
20	or agreement offered or issued by a health carrier to provide,
21	deliver, arrange for, pay or reimburse any of the costs of

SB1274 HD1 HMS 2011-3077

58

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S.B. NO. $^{1274}_{S.D. 2}_{H.D. 1}$

59

1	"Health care [provider"] <u>professional</u> means an individual
2	licensed, accredited, or certified to provide or perform
3	specified health care services in the ordinary course of
4	business or practice of a profession[-] consistent with state
5	law.
6	"Health care provider" or "provider" means a health care
7	professional.
8	"Health care services" means services for the diagnosis,
9	prevention, treatment, cure, or relief of a health condition,
10	illness, injury, or disease.
11	"Health carrier" means an entity subject to the insurance
12	laws and rules of this State, or subject to the jurisdiction of
13	the commissioner, that contracts or offers to contract to
14	provide, deliver, arrange for, pay for, or reimburse any of the
15	costs of health care services, including a sickness and accident
16	insurance company, a health maintenance organization, a mutual
17	benefit society, a nonprofit hospital and health service
18	corporation, or any other entity providing a plan of health
19	insurance, health benefits or health care services.
20	"Health maintenance organization" means a health
21	maintenance organization as defined in section 432D-1.

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	"Independent review organization" means an independent			
2	entity [that:			
3	(1)	Is unbiased and able to make independent decisions;		
4	-(2) -	Engages adequate numbers of practitioners with the		
5		appropriate level and type of clinical knowledge and		
6		expertise;		
7	(3)	Applies evidence based decisionmaking;		
8	(4) -	Demonstrates an effective process to screen external		
9		reviews for eligibility;		
10	- (5) -	Protects the enrollee's identity from unnecessary		
11		disclosure; and		
12	- (6)	Has effective systems in place to conduct a review.]		
13	that conducts independent external reviews of adverse			
14	determinations and final adverse determinations.			
15	"Internal review" means the review under section 432E-5 of			
16	an enrollee's complaint by a [managed care plan.] <u>health</u>			
17	<u>carrier.</u>			
18	"Managed care plan" means any plan, policy, contract,			
19	certificate, or agreement, regardless of form, offered or			
20	administered by any person or entity, including but not limited			
21	to an insu	arer governed by chapter 431, a mutual benefit society		
22	governed 1	by chapter 432, a health maintenance organization		
	SB1274 HD3	L HMS 2011-3077	60	

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

61

1 governed by chapter 432D, a preferred provider organization, a
2 point of service organization, a health insurance issuer, a
3 fiscal intermediary, a payor, a prepaid health care plan, and
4 any other mixed model, that provides for the financing or
5 delivery of health care services or benefits to enrollees
6 through:

7 (1) Arrangements with selected providers or provider
8 networks to furnish health care services or benefits;
9 and

10 (2) Financial incentives for enrollees to use
11 participating providers and procedures provided by a
12 plan;

13 provided that for the purposes of this chapter, an employee
14 benefit plan shall not be deemed a managed care plan with
15 respect to any provision of this chapter or to any requirement
16 or rule imposed or permitted by this chapter [which] that is
17 superseded or preempted by federal law.

18 "Medical director" means the person who is authorized under 19 a [managed care plan] <u>health carrier</u> and who makes decisions for 20 the [plan] <u>health carrier</u> denying or allowing payment for 21 medical treatments, services, or supplies based on medical

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S.B. NO. $^{1274}_{\text{S.D. 2}}_{\text{H.D. 1}}$

2	standards.				
3	"Medical necessity" means a health intervention [as				
4	defined]	defined] that meets the criteria enumerated in section 432E-1.4.			
5	"Med	ical or scientific evidence" means evidence found in			
6	the follo	wing sources:			
7	(1)	Peer-reviewed scientific studies published in or			
8		accepted for publication by medical journals that meet			
9		nationally recognized requirements for scientific			
10		manuscripts and that submit most of their published			
11		articles for review by experts, who are not part of			
12		the editorial staff;			
13	(2)	Peer-reviewed medical literature, including literature			
14		relating to therapies reviewed and approved by a			
15		qualified institutional review board, biomedical			
16		compendia, and other medical literature that meet the			
17		criteria of the National Institutes of Health's			
18		National Library of Medicine for indexing in Index			
19		Medicus and Elsevier Science Ltd. for indexing in			
20		Excerpta Medicus;			

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necessity or other appropriate medical or health plan benefit

SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	(3)	Medical journals recognized by the United States
2		Secretary of Health and Human Services under Section
3		1861(t)(2) of the federal Social Security Act;
4	(4)	The following standard reference compendia:
5		(A) The American Hospital Formulary Service-Drug
6		Information;
7		(B) Drug Facts and Comparisons;
8		(C) The American Dental Association Accepted Dental
9		Therapeutics; and
10		(D) The United States Pharmacopeia Drug Information;
11	(5)	Findings, studies, or research conducted by or under
12		the auspices of federal government agencies and
13		nationally recognized federal research institutes,
14		including:
15		(A) The federal Agency for Healthcare Research and
16		Quality;
17		(B) The National Institutes of Health;
18		(C) The National Cancer Institute;
19		(D) The National Academy of Sciences;
20		(E) The Centers for Medicare and Medicaid Services;
21		(F) The federal Food and Drug Administration; and



1	(G) Any national board recognized by the National
2	Institutes of Health for the purpose of
3	evaluating the medical value of health care
4	services; or
5	(6) Any other medical or scientific evidence that is
6	comparable to the sources listed in paragraphs (1)
7	through (5).
8	"Participating provider" means a licensed or certified
9	provider of health care services or benefits, including mental
10	health services and health care supplies, [that] who has entered
11	into an agreement with a [managed-care plan] health carrier to
12	provide those services or supplies to enrollees.
13	"Prospective review" means utilization review conducted
14	prior to an admission or a course of treatment.
15	"Protected health information" means health information as
16	defined in the federal Health Insurance Portability and
17	Accountability Act and related federal rules.
18	"Randomized clinical trial" means a controlled, prospective
19	study of patients who have been randomized into an experimental
20 ·	group and a control group at the beginning of the study with
21	only the experimental group of patients receiving a specific

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

1	intervention, which includes study of the groups for variables
2	and anticipated outcomes over time.
3	"Retrospective review" means a review of medical necessity
4	conducted after services that have been provided to a patient,
5	but does not include the review of a claim that is limited to an
6	evaluation of reimbursement levels, veracity of documentation,
7	accuracy of coding, or adjudication for payment.
8	"Reviewer" means an independent reviewer with clinical
9	expertise either employed by or contracted by an independent
10	review organization to perform external reviews.
11	"Second opinion" means an opportunity or requirement to
12	obtain a clinical evaluation by a provider other than the one
13	originally making a recommendation for a proposed health care
14	service to assess the clinical necessity and appropriateness of
15	the initial proposed health care service.
16	"Specifically excluded" means that the coverage provisions
17	of the health care plan, when read together, clearly and
18	specifically exclude coverage for a health care service.
19	"Utilization review" means a set of formal techniques
20	designed to monitor the use of, or evaluate the clinical
21	necessity, appropriateness, efficacy, or efficiency of, health
22	care services, procedures, or settings. Techniques may include
	SB1274 HD1 HMS 2011-3077 %

ambulatory review, prospective review, second opinion, 1 certification, concurrent review, case management, discharge 2 3 planning, or retrospective review. 4 "Utilization review organization" means an entity that 5 conducts utilization review other than a health carrier performing a review for its own health benefit plans." 6 7 SECTION 7. Section 432E-5, Hawaii Revised Statutes, is 8 amended to read as follows: 9 "§432E-5 Complaints and appeals procedure for enrollees. 10 (a) A [managed care plan] health carrier with enrollees in this State shall establish and maintain a procedure to provide for 11 the resolution of an enrollee's complaints and internal appeals. 12 The procedure shall provide for expedited internal appeals under 13 section 432E-6.5. The definition of medical necessity in 14 15 section 432E-1.4 shall apply in a [managed care plan's] health 16 carrier's complaints and internal appeals procedures. 17 (b) The [managed care plan] health carrier shall at all times make available its complaints and internal appeals 18 19 procedures. The complaints and internal appeals procedures shall be reasonably understandable to the average layperson and 20 shall be provided in a language other than English upon request. 21

SB1274 HD1 HMS 2011-3077

S.B. NO. ¹²⁷⁴ S.D. 2 H.D. 1

67

(c) A [managed care plan] health carrier shall decide any
 expedited internal appeal as soon as possible after receipt of
 the complaint, taking into account the medical exigencies of the
 case, but not later than seventy-two hours after receipt of the
 request for expedited appeal.

6 (d) A [managed care plan] health carrier shall send notice 7 of its final internal determination within sixty days of the 8 submission of the complaint to the enrollee, the enrollee's 9 appointed representative, if applicable, the enrollee's treating 10 provider, and the commissioner. The notice shall include the 11 following information regarding the enrollee's rights and 12 procedures:

13 (1) The enrollee's right to request an external review;
14 (2) The [sixty day] one hundred thirty day deadline for
15 requesting an external review;

16 (3) Instructions on how to request an external review; and
17 (4) Where to submit the request for an external review.

18 In addition to these general requirements, the notice shall
19 conform to the requirements of section 432E-E."

20 SECTION 8. Section 432E-6.5, Hawaii Revised Statutes, is
21 amended by amending its title to read as follows:

S.B. NO. $B_{\text{H.D. 2}}^{1274}$

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1	"§432E-6.5 Expedited <u>internal</u> appeal, when authorized;
2	standard for decision."
3	SECTION 9. Section 432E-6.5, Hawaii Revised Statutes, is
4	amended by amending subsection (a) to read as follows:
5	"(a) An enrollee may request that the [following] <u>internal</u>
6	appeal under section 432E-5 be conducted as an expedited
7	[appeal:
8	(1) The internal review under section 432E 5 of the
9	enrollee's complaint; or
10	(2) The external review under section 432E 6 of the
11	managed care plan's final internal determination.]
12	appeal.
13	If a request for expedited appeal is approved by the [managed
14	care plan or the commissioner,] health carrier, the appropriate
15	[review] internal appeal shall be completed within seventy-two
16	hours of receipt of the request for expedited appeal."
17	SECTION 10. Section 432E-6, Hawaii Revised Statutes, is
18	repealed.
19	[" §432E-6 External review procedure. (a) -After
20	exhausting-all-internal-complaint and appeal procedures
21	available, an enrollee, or the enrollee's treating provider or
22	appointed representative, may file a request for external review
	SB1274 HD1 HMS 2011-3077

S.B. NO. $B_{\text{H.D. 2}}^{1274}$

1	of a mana	iged-e	are plan's final internal determination to a
2	three men	ıber r	eview panel appointed by the commissioner composed
3	of a repr	resent	ative from a managed care plan not involved in the
4	complaint	:, a p	rovider licensed to practice and practicing
5	medicine	in Ha	waii-not involved in the complaint, and the
6	commissic	ner o	r the commissioner's designee in the following
7	manner:		
8	(1) -	The -	enrollee shall submit a request for external
9		revi	ew to the commissioner within sixty days from the
10		date	of the final internal determination by the
11		mana	ged care plan;
12	(2)	The	commissioner-may retain:
13		-(A) -	Without regard to chapter 76, an independent
14			medical expert trained in the field of medicine
15			most appropriately related to the matter under
16			reviewPresentation of evidence for this
17			purpose shall be exempt from section 91-9(g); and
18		(B)	The services of an independent review
19			organization from an approved list maintained by
20			the commissioner;
21	(<u>3</u>)	Withi	n seven days after receipt of the request for
22		exter	mal-review, a managed care plan-or its designee
	SB1274 HD2	1 HMS	2011-3077



S.B. NO. $B_{\text{H.D. 1}}^{1274}$

1	utilization review organization shall provide to the
2	commissioner or the assigned independent review
3	organization:
4	(A) Any documents or information used in making the
5	final-internal-determination including the
6	enrollee's medical records;
7	(B) Any documentation or written information
8	submitted to the managed care plan in support of
9	the enrollee's initial complaint; and
10	(C) A list of the names, addresses, and telephone
11	numbers of each licensed health care provider who
12	cared for the enrollee and who may have medical
13	records relevant to the external review;
14	provided that where an expedited appeal is involved,
15	the managed care plan or its designee utilization
16	review organization shall provide the documents-and
17	information within forty eight hours of receipt of the
18	request for external review.
19	Failure by the managed care plan or its designee
20	utilization review organization to provide the
21	documents and information within the prescribed time
22	periods shall not delay the conduct of the external



S.B. NO. $B_{\text{H.D. 2}}^{1274}$

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1		review. Where the plan or its designee utilization
2		review organization fails to provide the documents and
3		information within the prescribed time periods, the
4		commissioner may issue a decision to reverse the final
5		internal determination, in whole or part, and shall
6		promptly notify the independent review organization,
7		the enrollee, the enrollee's appointed representative,
8		if applicable, the enrollee's treating provider, and
9		the managed care plan of the decision;
10	-(-4-)-	Upon receipt of the request for external review and
11		upon a showing of good cause, the commissioner shall
12		appoint the members of the external review panel and
13		shall conduct a review hearing pursuant to chapter 91.
14		If the amount in controversy is less than \$500, the
15		commissioner may conduct a review hearing without
16		appointing a review panel;
17	- (5) -	The review hearing shall be conducted as soon as
18		practicable, taking into consideration the medical
19		exigencies of the case; provided that:
20		(A) The hearing shall be held no later than sixty
21		days from the date of the request for the
22		hearing; and
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S.B. NO. $B_{\text{H.D. 2}}^{1274}$

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1		-(B) -	An-external review conducted as an expedited
2			appeal shall be determined no later than seventy
3			two hours after receipt of the request for
4			external review;
5	(6)	Afte	r considering the enrollee's complaint, the
6		mana	ged care plan's response, and any affidavits filed
7		by t	he parties, the commissioner may dismiss the
8		requ	est for external review if it is determined that
9		the-	request-is frivolous or without merit; and
10	- (7) -	The-	review panel shall review every final internal
11		dete	rmination to determine whether the managed care
12		plan	-involved acted reasonably. The review panel and
13		the-	commissioner or the commissioner's designee shall
14		cons	ider:
15		(A)	The terms of the agreement of the enrollee's
16			insurance policy, evidence of coverage, or
17			similar document;
18		(B)	Whether the medical director properly applied the
19			medical necessity criteria in section 432E 1.4 in
20			making the final internal determination;
21		(C)	All-relevant-medical records;
22		(D)	The clinical standards of the plan;

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SB1274 HD1 HMS 2011-3077

1	(E) The information provided;
2	(F) The attending physician's recommendations; and
3	(C) Generally-accepted-practice-guidelines.
4	The commissioner, upon a majority vote of the panel, shall
5	issue an order affirming, modifying, or reversing the decision
6	within thirty days of the hearing.
7	(b) The procedure set forth in this section shall not
8	apply to claims or allegations of health provider malpractice,
9	professional negligence, or other professional fault against
10	participating providers.
11	(c) No person shall serve on the review panel or in the
12	independent review organization who, through a familial
13	relationship within the second degree of consanguinity or
14	affinity, or for other reasons, has a direct and substantial
15	professional, financial, or personal interest in:
16	(1) The plan involved in the complaint, including an
17	officer, director, or employee of the plan; or
18	(2) The treatment of the enrollee, including but not
19	limited to the developer or manufacturer of the
20	principal drug, device, procedure, or other therapy at
21	issue.

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S.B. NO. $B_{\text{S.D. 2}}^{1274}$

1	(d) Members of the review panel shall be granted immunity
2	from liability and damages relating to their duties under this
3	section.
4	(e) An enrollee may be allowed, at the commissioner's
5	discretion, an award of a reasonable sum for attorney's fees and
6	reasonable costs incurred in connection with the external review
•7	under this section, unless the commissioner in an administrative
8	proceeding determines that the appeal was unreasonable,
9	fraudulent, excessive, or frivolous.
10	(f) Disclosure of an enrollee's protected health
11	information shall be limited to disclosure for purposes relating
12	to the external review."]
13	SECTION 11. If any provision of this Act, or the
14	application thereof to any person or circumstance is held
15	invalid, the invalidity does not affect other provisions or
16	applications of the Act, which can be given effect without the
17	invalid provision or application, and to this end the provisions
18	of this Act are severable.
19	. SECTION 12. This Act shall be construed at all times in
20	conformity with the federal Patient Protection and Affordable
21	Care Act, Public Law No. 111-148. If any provision of this part
22	is interpreted to violate the Patient Protection and Affordable
	SB1274 HD1 HMS 2011-3077

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Page 75

1 Care Act, the commissioner is authorized to adopt by emergency 2 rule-making procedures, any rules as necessary to conform the 3 provisions and procedures of this part with the Patient 4 Protection and Affordable Care Act. 5 SECTION 13. In codifying the new sections added by section 6 2 of this Act, the revisor of statutes shall substitute 7 appropriate section numbers for the letters used in designating the new sections in this Act. 8 9 SECTION 14. Statutory material to be repealed is bracketed 10 and stricken. New statutory material is underscored. 11 SECTION 15. This Act shall take effect on July 1, 2040, and apply retroactively to January 1, 2011; provided that if the 12 United States Department of Health and Human Services by rule or 13 14 other written guidance extends the time period for the State's 15 existing external review process under section 432E-6, Hawaii 16 Revised Statutes, to any later date during 2011, then the 17 effective date of this Act shall be the sooner of the end date 18 of the transition period or January 1, 2012; provided further 19 that if the external review requirements of the federal Patient Protection and Affordable Care Act of 2010 are held 20 21 unconstitutional by the United States Supreme Court, this Act shall be repealed as of the date that the United States Supreme 22 SB1274 HD1 HMS 2011-3077 75

76

Court issues its opinion and chapter 432E, Hawaii Revised
 Statutes, shall be reenacted in the form in which it existed as
 of the day before the United States Supreme Court issued its
 decision.



Report Title:

Insurance; Health; External Review Procedure

Description:

Provides uniform standards for external review procedures based on the National Association of Insurance Commissioners Uniform Health Carrier External Review Model Act, to comply with the requirements of the federal Patient Protection and Affordable Care Act of 2010. Effective July 1, 2040. (SB1275 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

