NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 935 (First Edition)

SHORT TITLE: **Mgd. Care/Utiliz. & Griev.**

SPONSOR(S): **Senator Perdue**

FISCAL IMPACT

Yes (X) **No ( )** **No Estimate Available ( )**

	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02
REVENUES	0	0	0	0	0
EXPENDITURES	$49,322	$49,322	$49,322	$49,322	$49,322
	(See also "Technical Consideration")				
POSITIONS:	**1**	**1**	**1**	**1**	**1**

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Insurance

EFFECTIVE DATE: October 1, 1997

BILL SUMMARY: Adds new GS 58-50-61 defining "utilization review" as set of formal techniques (specified in act) designed to monitor use of or evaluate clinical necessity, appropriateness, efficacy or efficiency of health care services, procedures, providers, or facilities. Defines "utilization review organization" or "URO" as entity that conducts utilization review under managed care plan, but does not mean carrier performing utilization review for its own health benefit plan.

Requires that every carrier (defined in act as health insurance company, HMO, etc.) must monitor all utilization review carried out by or on behalf of carrier and ensure compliance with act. Requires every carrier to prepare and maintain utilization review program document that describes all delegated and nondelegated review functions for covered services, as specified in act. Provides that in every utilization review program, a carrier or URO must use documented clinical review criteria that are based on sound clinical evidence and that are periodically evaluated to assure ongoing efficiency; and that qualified health care professionals must administer utilization review program and oversee review decisions under direction of medical

doctor. Requires that prospective and concurrent determinations must be made by a carrier within two business days after carrier obtains all necessary information about admission, procedure, or health care service. Requires that carrier make retrospective review determination within 30 days after receiving necessary information. Requires that written notification of adverse determination include all reasons for determination, including clinical rationale, instructions for initiating voluntary appeal or reconsideration of determination, and instructions for requesting written statement of clinical review criteria used to make determination. Includes provisions for requests for reconsideration, appeals of adverse determinations, nonexpedited appeals, expedited appeals, and maintenance of records. Requires that in certificate of coverage and member handbook provided to covered person, carrier must include clear and comprehensive description of its utilization review procedures, including procedures for appealing adverse determinations and statement of rights and responsibilities of covered people, including voluntary nature of appeal process.

Adds new GS 58-50-62 to require that every carrier have grievance process by which covered person may voluntarily request review of decisions, policies, and actions of carrier. Grievance process must provide for first- and second-level reviews of grievances, except that appeal of adverse determination that has been reviewed under GS 58-50-61 (discussed above) will be reviewed as second level grievance under this section. Provides details of grievance procedures, grievance register, first- and second-level grievance review and decisions.

Adds new GS 58-50-63 to provide that person who reviews appeals under GS 58-50-61 or 58-50-62 or is member of grievance review panel under GS 58-50-62 who acts without malice or fraud is not liable for damages in civil action for any act, statement, or proceeding undertaken, made or performed within scope of GS 58-50-61 or 58-50-62.[1]

ASSUMPTIONS AND METHODOLOGY: Insurance Department states that increased responsibilities will require hiring one additional person, at an annualized cost of $49,322. Assumes that this person will continue to be needed in future years.

TECHNICAL CONSIDERATIONS: One additional employee can discharge all additional responsibilities required by Senate Bills 932, 933, 934, and 935. Therefore, if any one of Senate Bills 932, 933, or 934 is enacted into law, the net cost of this bill becomes zero.

FISCAL RESEARCH DIVISION
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DATE:

[1] Legislative Reporting Service, Institute of Government: "Daily Bulletin," Vol. 1997, No. 46, pp. 10-11.