

DESCRIPTION OF PROPOSED IMPROVEMENTS TO THE
SUBSTITUTE AMENDMENT TO SB 258
(INDEPENDENT EXTERNAL REVIEW)

The Senate Substitute Amendment to Senate Bill 258 as drafted, would not only apply the new independent external review requirement to virtually all health plans (not just managed care plans) it would also require that all other health plans create the internal grievance procedures now required of HMOs and would require that consumers go through these internal grievance procedures before being entitled to the independent external review.

This added administrative layer for consumers not in managed care plans is unnecessary. It would be simpler, less costly, and fairer to both consumers and insurers to adopt this Simple Amendment which does the following:

1) For other health plans (primarily indemnity plans that do not require the use of particular providers or impose other managed care requirements on enrollees), allow but do not mandate that the plans create an internal grievance procedure. If the plan creates an internal grievance procedure that meets the requirements now applicable to managed care plans, then the plan must require enrollees to go through the internal grievance procedure before proceeding to external independent review. If the plan chooses not to create an internal grievance procedure, then the enrollees would have the right to proceed directly to independent external review for the adverse determinations covered by the bill. **This expands consumers' ability to directly obtain a binding independent review of an insurer's adverse determination.**

2) For preferred provider plans, where frequently an insurer contracts with or leases a separately-organized and managed, preferred provider network, clarify that responsibility for complying with the internal grievance procedures and the external independent review requirements may be assigned by contract to either the preferred provider network or the insurer. In the absence of contractual provisions assigning the responsibility to the insurer, compliance will be assumed to rest with the preferred provider network.