

MAINE STATE LEGISLATURE

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L.D. 1062

DATE: 3/25/94

(Filing No. H- 943)

BANKING & INSURANCE

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
116TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 789, L.D. 1062, Bill, "An Act to Ensure Equitable Insurance Practices"

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 24 MRSA §2342, sub-§1, as amended by PL 1989, c. 878, Pt. B, §21, is further amended to read:

1. **Licensure.** Any A person, partnership or corporation, other than an insurer, or nonprofit service organization, health maintenance organization, preferred provider organization or an employee of those exempt organizations, that performs medical utilization review services on behalf of commercial insurers, nonprofit service organizations, 3rd-party administrators, health maintenance organizations, preferred provider organizations or employers, shall apply for licensure by the Bureau of Insurance and pay an application fee of not more than \$400 and an annual license fee of not more than \$100. No A person, partnership or corporation, other than an insurer, or nonprofit service organization, health maintenance organization, preferred provider organization or the employees of exempt organizations, may not perform utilization review services or medical utilization review services unless the person, partnership or corporation has received a license to perform those activities.

Sec. 2. 24 MRSA §2343, sub-§5 is enacted to read:

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4 5. Prohibited activities. A medical utilization review
entity shall ensure that an employee does not perform medical
utilization review services involving a health care provider or
facility in which that employee has a financial interest.

6 Sec. 3. 24 MRSA §2344, first ¶, as enacted by PL 1989, c. 556,
Pt. C, §1, is amended to read:

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10 As used in this subchapter, unless the context indicates
12 otherwise, "utilization review services" or "medical utilization
14 review services" means any a program or process by which a
16 person, partnership or corporation, on behalf of an insurer,
18 nonprofit service organization, 3rd-party administrator, or
20 health maintenance organization, preferred provider organization
22 or employer which that is a payor for or which that arranges for
24 payment of medical services; seeks to review the utilization,
appropriateness or quality of medical services provided to a
person whose medical services are paid for, partially or
entirely, by that insurer, nonprofit service organization,
3rd-party administrator, health maintenance organization,
preferred provider organization or employer. The terms include
these programs or processes whether they apply prospectively or
retrospectively to medical services. Utilization review services
include, but are not limited to, the following:

26 Sec. 4. 24-A MRSA §2771, sub-§1, as amended by PL 1989, c.
28 878, Pt. B, §22, is further amended to read:

30 1. Licensure. Any A person, partnership or corporation,
32 other than an insurer, nonprofit service organization, health
34 maintenance organization, preferred provider organization or
employee of those exempt organizations, that performs medical
utilization review services on behalf of commercial insurers,
36 nonprofit service organizations, 3rd-party administrators, health
38 maintenance organizations, preferred provider organizations or
40 employers, shall apply for licensure by the Bureau of Insurance
and pay an application fee of not more than \$400 and an annual
license fee of not more than \$100. No A person, partnership or
42 corporation, other than an insurer, or nonprofit service
44 organization, health maintenance organization, preferred provider
organization or the employees of exempt organizations, may not
perform utilization review services or medical utilization review
services unless the person, partnership or corporation has
received a license to perform those activities.

46 Sec. 5. 24-A MRSA §2772, sub-§1, as enacted by PL 1989, c.
48 556, Pt. C, §2, is amended to read:

50 1. Notification of adverse decisions. Notification of an
adverse decision by the utilization review agent must be provided

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to the insured or other party designated by the insured within a time period to be determined by the superintendent through rulemaking and must include the name of the utilization review agent who made the decision.

Sec. 6. 24-A MRSA §2772, sub-§5 is enacted to read:

5. Prohibited activities. A medical utilization review entity shall ensure that an employee does not perform medical utilization review services involving a health care provider or facility in which that employee has a financial interest.

Sec. 7. 24-A MRSA §2773, first ¶, as enacted by PL 1989, c. 556, Pt. C, §2, is amended to read:

As used in this chapter, unless the context indicates otherwise, "utilization review services" or "medical utilization review services" means any a program or process by which a person, partnership or corporation, on behalf of an insurer, nonprofit service organization, 3rd-party administrator, health maintenance organization, preferred provider organization or employer which that is a payor for or which that arranges for payment of medical services, seeks to review the utilization, appropriateness or quality of medical services provided to a person whose medical services are paid for, partially or entirely, by that insurer, nonprofit service organization, 3rd-party administrator, health maintenance organization, preferred provider organization or employer. The terms include these programs or processes whether they apply prospectively or retrospectively to medical services. Utilization review services include, but are not limited to, the following:

Further amend the bill by inserting at the end before the statement of fact the following:

FISCAL NOTE

Certain changes in licensure requirements pertaining to medical utilization review services will result in insignificant increases of dedicated revenue to the Bureau of Insurance from license fees.'

STATEMENT OF FACT

This amendment does the following:

- 1. Requires licensing of entities that do medical

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utilization reviews for health maintenance organizations and preferred provider organizations;

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4 2. Requires medical utilization review entities to give the insured the name of the medical utilization review agent who has made a decision of denial of benefits;

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8 3. Prohibits medical utilization review entities and their employees from owning or having a financial interest in medical or health care facilities;

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12 4. Requires a medical utilization review entity to ensure that an employee may not perform utilization review services involving a health care provider or facility in which the employee has a financial interest; and

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16 5. Adds a fiscal note.

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