

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #6

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FILED

MAY 16 4 09 PM '97

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF FINAL FILING AND ADOPTION OF A LEGISLATIVE RULE AUTHORIZED
BY THE WEST VIRGINIA LEGISLATURE.**

AGENCY: Insurance Commissioner TITLE NUMBER: 114

AMENDMENT TO AN EXISTING RULE: YES , NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: Series 51

TITLE OF RULE BEING PROPOSED: Utilization Management

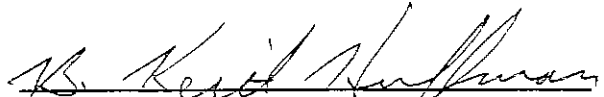
THE ABOVE RULE HAS BEEN AUTHORIZED BY THE WEST VIRGINIA LEGISLATURE.

AUTHORIZATION IS CITED IN (house or senate bill number) S.B. 157

SECTION 64-7-3 (g), PASSED ON April 20, 1997

THIS RULE IS FILED WITH THE SECRETARY OF STATE. THIS RULE BECOMES EFFECTIVE ON

THE FOLLOWING DATE: May 16, 1997


B. Keith Huffman, General Counsel

4.20

114CSR51
WEST VIRGINIA LEGISLATIVE RULE
INSURANCE COMMISSIONER

SERIES 51
UTILIZATION MANAGEMENT

Section

- §114-51-1. General.
- §114-51-2. Definitions.
- §114-51-3. Goals of Utilization Management Program.
- §114-51-4. Requirements of Utilization Management Program.

FILED

114CSR51
WEST VIRGINIA LEGISLATIVE RULE
INSURANCE COMMISSIONER

MAY 16 4 09 PM '97

SERIES 51
UTILIZATION MANAGEMENT

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

§114-51-1. General.

1.1. Scope. -- The purpose of this rule is to set forth standards for utilization management programs established as a component of the health maintenance organizations' quality assurance programs.

1.2. Authority. -- W. Va. Code §§ 33-2-10, 33-25A-4(1)(b), and 33-25A-17a.

1.3. Filing Date. -- May 16, 1997.

1.4. Effective Date. -- May 16, 1997.

§114-51-2. Definitions.

2.1. "Concurrent review" means the process of continued reassessment of the medical necessity and appropriateness of inpatient care during hospitalization.

2.2. "Criteria" means systematically developed statements used to assess the appropriateness of specific health care decisions, services and outcomes.

2.3. "Health maintenance organization" or "HMO" means a public or private organization which provides, or otherwise makes available to enrollees, health care services, including at a minimum basic health care services, which:

a. Receives premiums for the provision of basic health care services to enrollees on a prepaid per capita or prepaid aggregate fixed sum basis, excluding copayments;

b. Primarily provides physicians' services:

1. Directly through physicians who are either employees or partners of the organization;

2. Through arrangements with individual physicians or one or more groups of physicians organized on a group practice or individual practice arrangement; or

3. Through some combination of paragraphs 1 and 2 of this subdivision;

c. Assures the availability, accessibility and quality, including appropriate utilization, of the health care services that it provides or makes available through clearly identifiable focal points of legal and administrative responsibility; and

d. Offers services through an organized delivery system, in which a primary care physician is designated for each subscriber upon enrollment. The primary care physician is responsible for coordinating the health care of the subscriber and is responsible for referring the subscriber to other providers when necessary: Provided, that when dental care is provided by the health maintenance organization the dentist selected by the subscriber from the list provided by the health maintenance organization shall coordinate the covered dental care of the subscriber, as approved by the primary care physician or the health maintenance organization.

2.4. "Member," "subscriber" or "enrollee" means an individual who has been enrolled in a health maintenance organization, including individuals on whose behalf a contractual arrangement has been entered into with a health maintenance organization to receive health care services.

2.5. "Preauthorization" means prior assessment that proposed medical services are covered by the member's benefit plan and are appropriate for a particular member.

2.6. "Qualified medical professional" means a person licensed or certified pursuant to the laws of the state in which he or she practices to provide health care services to persons.

2.7. "Utilization management" or "UM" means a system for the evaluation of the necessity, appropriateness and efficiency of the use of health care services, procedures and facilities.

§114-51-3. Goals of Utilization Management Program.

3.1. The goals of a health maintenance organization's utilization management program shall be to:

a. Assure the provision of appropriate medical services delivered to members, while simultaneously addressing the effectiveness and quality of care;

b. Monitor, evaluate and improve the delivery of health care and resource utilization;

c. Provide a systematic process that promotes the delivery of medically appropriate care in a timely, effective and efficient manner, while maintaining the quality of health care;

d. Continually upgrade monitoring procedures to re-evaluate performance goals;

e. Monitor utilization practices of provider physicians, hospitals and ancillary providers; and

f. Direct members and providers toward the goal of quality, cost effective health care.

3.2. The health maintenance organization's utilization management program shall include a mechanism for identifying potential quality of care issues and linking them to the HMO's quality assurance program.

§114-51-4. Requirements of Utilization Management Program.

4.1. A health maintenance organization shall develop a utilization management (UM) program which adheres to all applicable state and federal laws, federal regulations and state rules.

4.2. Each application for a certificate of authority or renewal thereof filed with the commissioner pursuant to the Health Maintenance Organization Act, W. Va. Code §§ 33-25A-1 et seq., shall be accompanied by a description of the health maintenance organization's utilization management program, which shall include, but not be limited to, the requirements of the utilization management program set forth in this rule.

a. Pursuant to the requirements of W. Va. Code § 33-25A-3, a health maintenance organization shall file notice with the commissioner prior to any modification of the utilization management program.

4.3. A health maintenance organization shall have a documented utilization management program description that describes both delegated and non-delegated activities.

a. The UM program description shall include, at a minimum, performance goals, policies and procedures to evaluate medical necessity, criteria used, information sources, and the process used to review and approve the provision of medical services.

b. The UM program shall have a mechanism for evaluating and updating the program description on a periodic basis which shall be specified by the health maintenance organization.

4.4. If a health maintenance organization delegates any UM activities to contractors, there shall be evidence of oversight of the contracted entity.

a. The health maintenance organization shall maintain a written description of:

1. The delegated activities;
2. The contractor's accountability for these

activities;

3. The frequency of reporting to the health maintenance organization; and

4. The process by which the delegation will be evaluated.

b. The health maintenance organization shall maintain evidence of:

1. Approval of the contractor's UM program; and

2. Evaluation of regular UM reports from the contractor.

c. The health maintenance organization shall be responsible for monitoring the activities of the entity to which it delegates UM activities and for ensuring that the requirements of this rule are met.

4.5. Each health maintenance organization shall have written procedures for assuring that patient-specific information obtained during any UM activity will be:

a. Kept confidential in accordance with applicable federal and state laws; and

b. Used solely for the purposes of utilization management, in addition to quality assurance, discharge planning and catastrophic case management.

4.6. The UM program shall have written utilization review decision protocols based on reasonable medical evidence.

a. A health maintenance organization shall have criteria for appropriateness of medical services clearly documented and available, upon request, to participating physicians.

b. A health maintenance organization shall establish a mechanism for checking the consistency of the application of criteria utilized by reviewers.

c. A health maintenance organization shall establish

a mechanism for updating review criteria on a periodic basis which shall be specified by the health maintenance organization.

4.7. The UM program shall have professionally accepted, pre-established criteria for the preauthorization of services and for concurrent review of admissions.

a. A health maintenance organization shall, on a timely basis, make efforts to obtain all necessary information, including pertinent clinical information, and consultation with the treating physician, as appropriate.

b. Qualified medical professionals shall review decisions for preauthorization of medical services and concurrent review of admissions.

c. A duly licensed physician shall conduct a review of medical appropriateness on any denial of medical services.

d. At any point during the review process, a licensed physician consultant specially trained in the area of medicine in question shall be available to provide his or her expert opinion regarding medical appropriateness and necessity of medical services whenever necessary.

4.8. Decisions regarding provision of medical services shall be made in a timely manner depending upon the urgency of the situation.

a. The health maintenance organization shall establish medically appropriate time frames for urgent, emergency and planned care cases.

b. In those instances in which a health maintenance organization denies medical services, a written notice of denial shall be sent immediately to all involved parties, which shall include, but not be limited to, the subscriber, the primary care physician, and the facility, if appropriate.

1. The written notice of denial shall include the reason for denial and an explanation of the appeal process.

4.9. A health maintenance organization may have policies and procedures in place to evaluate the appropriate use of new medical technologies, or new applications of established

technologies, including medical procedures, drugs, and devices. Any policies and procedures in place regarding new medical technologies shall include standards requiring:

a. Appropriate professionals to participate in the development of technology evaluation criteria;

b. The review of information from appropriate health-related government agencies and/or government regulatory bodies and published scientific evidence;

c. Assessment of new technologies and new applications of existing technologies; and

d. Periodic evaluation and update of policies and procedures as technologies and procedures expand and change.

4.10. A health maintenance organization shall have mechanisms to evaluate the effects of the program using member satisfaction data, provider satisfaction data, and/or other appropriate means.



STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Legal Division

CECIL UNDERWOOD
Governor

HANLEY C. CLARK
Insurance Commissioner

May 16, 1997

HAND DELIVERED

Ms. Judy Cooper, Director
Administrative Law Division
Office of Secretary of State
State Capitol
Charleston, WV 25305

Dear Ms. Cooper:

Attached for filing with your office is the "final filing" form for the rule Series 51 titled "Utilization Management." This rule was authorized in Senate Bill 157 and passed by the Legislature on April 20, 1997.

We are also providing your office with a computer disc containing the aforementioned rule and a hard copy of the promulgation history of that rule. The filing date and effective date have already been inserted onto the computer disc.

If you have any questions about the enclosed forms or the computer disc, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script that reads "Donna Quesenberry/cjs".

Donna Quesenberry
Associate Counsel

DQ/cjs
Attachment

PROMULGATION HISTORY

West Virginia Insurance Commission TITLE 114, SERIES 51 UTILIZATION MANAGEMENT

<u>DATE</u>	<u>ACTION TAKEN</u>
07-26-96	Notice of a Comment Period Filed
08-26-96	Last Date Comments Were Received
08-29-96	Notice of Agency Approval of a Proposed Rule Filed
02-14-97	Notice of Action Taken by Legislative Rule-Making Review Committee
02-20-97	Notice of Rule Modification of a Proposed Rule Filed
05-16-97	Notice of Final Filing of a Proposed Rule Filed
05-16-97	Effective Date of Rule