

Substitute for SENATE BILL No. 69

By Committee on Public Health and Welfare

2-21

1 AN ACT concerning the Kansas program of medical assistance; process
2 and contract requirements; claims appeals.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. (a) The secretary of health and environment shall require
6 that any managed care organization providing state medicaid services
7 pursuant to a contract with the Kansas program of medical assistance:

8 (1) Provide accurate and uniform patient encounter data to a
9 participating healthcare provider, or as directed by such provider, upon
10 request, to include at a minimum the:

11 (A) Managed care organization claim number;

12 (B) patient medicaid identification number;

13 (C) patient name;

14 (D) type of claim;

15 (E) amount billed by revenue code;

16 (F) managed care organization paid amount and paid date; and

17 (G) ~~provider,~~ *hospital*; patient account number; and

18 (2) provide quarterly education for participating healthcare providers
19 regarding billing guidelines, reimbursement requirements and program
20 policies and procedures on a regularly scheduled basis utilizing a format
21 approved by the secretary.

22 (b) Upon receiving a request for patient encounter data pursuant to
23 subsection (a)(1), a managed care organization shall furnish to the
24 participating healthcare provider all requested information within 30
25 calendar days after receiving the request for data. The managed care
26 organization may charge a reasonable fee for furnishing requested data,
27 including only the cost of any computer services, including staff time
28 required.

29 (c) The secretary shall develop standards to be utilized uniformly by
30 each managed care organization providing state medicaid services
31 pursuant to a contract with the Kansas program of medical assistance
32 regarding:

33 (1) A uniform process and forms for credentialing and re-
34 credentialing healthcare providers who have signed contracts or
35 participation agreements with any such managed care organization;

36 (2) documentation to be provided to a healthcare provider by all

1 managed care organizations when such managed care organization denies
2 any portion of a claim for reimbursement submitted by such provider, to
3 include a specific explanation of the reason for denial, that may not be
4 subsequently changed by the managed care organization, and utilization of
5 *{HIPAA}* standard denial reason codes and remark codes;

6 (3) procedures, requirements and ~~limitations for~~ *{periodic review and*
7 *reporting of reductions in}* prior authorization for healthcare services and
8 prescriptions;

9 (4) internal claims grievance and appeal processes and timelines for
10 resolving a grievance, not to exceed 90 calendar days from the date such
11 grievance is filed, and for resolving an appeal, not to exceed 45 calendar
12 days from the date such appeal is filed. Such processes and timelines shall
13 provide that, if the managed care organization exceeds the time limit for
14 resolving a grievance or appeal, then the participating healthcare provider
15 shall automatically prevail in the grievance or appeal; and

16 (5) retrospective utilization review of re-admissions, prohibiting such
17 reviews for any recipient of medical assistance who is readmitted *{with a*
18 *medical condition}* as an inpatient ~~or for observation~~ to a hospital more
19 than ~~72 hours~~ *{15 days}* after the recipient patient's discharge.

20 (d) Any contract or agreement between the Kansas program of
21 medical assistance and a managed care organization to provide state
22 medicaid services commencing on or after July 1, 2017, shall establish a
23 definition of and cap on administrative spending such that:

24 (1) Administrative spending does not include any profit greater than
25 the contracted amount;

26 (2) administrative spending does not include contractor incentives;

27 (3) any administrative spending is necessary to improve the health
28 status of the population to be served pursuant to the contract; and

29 (4) administrative spending shall not exceed 10% of the managed
30 care organization's total expenditures to provide state medicaid services
31 pursuant to the contract. The managed care organization shall report
32 quarterly to the secretary of health and environment such spending and
33 percentage.

34 (e) The secretary shall adopt rules and regulations as may be
35 necessary to implement the provisions of this section prior to January 1,
36 2018.

37 Sec. 2. (a) (1) Any managed care organization providing state
38 medicaid services pursuant to a contract with the Kansas program of
39 medical assistance shall include in any letter to a participating healthcare
40 provider reflecting a final decision of the managed care organization's
41 internal appeal process:

42 (A) A statement that the provider's internal appeal rights within the
43 managed care organization have been exhausted;

1 (B) a statement that the provider is entitled to an external independent
2 third-party review pursuant to this section; and

3 (C) the requirements to request an external independent third-party
4 review.

5 (2) For each instance that a letter does not comply with the
6 requirements of paragraph (1), the managed care organization shall pay to
7 the participating healthcare provider a penalty not to exceed \$1,000.

8 (b) (1) A provider who has been denied a healthcare service to a
9 recipient of medical assistance or a claim for reimbursement to the
10 provider for a healthcare service rendered to a recipient of medical
11 assistance and who has exhausted the internal written appeals process of a
12 managed care organization providing state medicaid services pursuant to a
13 contract with the Kansas program of medical assistance shall be entitled to
14 an external independent third-party review of the managed care
15 organization's final decision.

16 (2) To request an external independent third-party review of a final
17 decision by a managed care organization, an aggrieved provider shall
18 submit a written request for such review to the managed care organization
19 within 60 calendar days of receiving the managed care organization's final
20 decision resulting from the managed care organization's internal review
21 process. A provider's request for such review shall:

22 (A) Identify each specific issue and dispute directly related to the
23 adverse final decision issued by the managed care organization;

24 (B) state the basis upon which the provider believes the managed care
25 organization's decision to be erroneous; and

26 (C) provide the provider's designated contact information, including
27 name, mailing address, phone number, fax number and email address.

28 (3) Within five business days of receiving a provider's request for
29 review pursuant to this section, the managed care organization shall:

30 (A) Confirm to the provider's designated contact, in writing, that the
31 managed care organization has received the request for review;

32 (B) notify the department of health and environment of the provider's
33 request for review; and

34 (C) notify the recipient of medical assistance of the provider's request
35 for review, if related to the denial of a healthcare service.

36 If the managed care organization fails to satisfy the requirements of this
37 paragraph, then the provider shall automatically prevail in the review.

38 (4) Within 15 business days of receiving a provider's request for
39 external independent third-party review, the managed care organization
40 shall:

41 (A) Submit to the department of health and environment all
42 documentation submitted by the provider in the course of the managed
43 care organization's internal appeal process; and

1 (B) provide the managed care organization's designated contact
2 information, including name, mailing address, phone number, fax number
3 and email address.

4 If the managed care organization fails to satisfy the requirements of this
5 paragraph, then the provider shall automatically prevail in the review.

6 (6) (A) An external independent third-party review shall
7 automatically extend the deadline to request a hearing before the office of
8 administrative hearings of the department of administration pending the
9 outcome of the external independent third-party review. Upon conclusion
10 of the external independent third-party review, the reviewer shall forward a
11 copy of the decision and a new notice of action to the provider, recipient,
12 applicable managed care organization, department of health and
13 environment and Kansas department for aging and disability services.
14 When a deadline to request a hearing before the office of administrative
15 hearings has been extended pending the outcome of an external
16 independent third-party review, all parties shall be granted an additional 30
17 days from receipt of the review decision and notice of action to request a
18 hearing before the office of administrative hearings.

19 (B) If a recipient of medical assistance or participating healthcare
20 provider files a request for a hearing before the office of administrative
21 hearings regarding a claim for which the provider has filed a request for
22 external independent third-party review, then the department of health and
23 environment and the Kansas department for aging and disability services
24 shall immediately request a continuance from the office of administrative
25 hearings. The department of health and environment and the Kansas
26 department for aging and disability services shall forward the decision of
27 the review to the office of administrative hearings for consideration by the
28 hearing officer together with any other facts of the case.

29 (7) Upon receiving notification of a request for external independent
30 third-party review, the department of health and environment shall:

31 (A) Assign the review to an external independent third-party
32 reviewer;

33 (B) notify the managed care organization of the identity of the
34 external independent third-party reviewer; and

35 (C) notify the provider's designated contact of the identity of the
36 external independent third-party reviewer.

37 (8) The department shall deny a request for external independent
38 third-party review if the requesting provider fails to:

39 (A) Exhaust the managed care organization's internal appeal process;
40 or

41 (B) submit a timely request for an external independent third-party
42 review pursuant to this section.

43 (c) (1) Multiple appeals to the external independent third-party

1 review process regarding the same recipient of medical assistance, a
2 common question of fact or interpretation of common applicable
3 regulations or reimbursement requirements may be determined in one
4 action upon request of a party in accordance with rules and regulations
5 adopted by the department of health and environment. The provider that
6 initiated a request for an external independent third-party review process,
7 or one or more other providers, may add other initial denials of claims to
8 such review prior to final decision and after exhaustion of any applicable
9 written internal appeals process of the applicable managed care
10 organization if the claims involve a common question of fact or
11 interpretation of common applicable regulations or reimbursement
12 requirements.

13 (2) Documentation reviewed by the external independent third-party
14 reviewer shall be limited to documentation submitted pursuant to
15 subsection (b)(4)(A).

16 (3) An external independent third-party reviewer shall:

17 (A) Conduct an external independent third-party review of any claim
18 submitted to the reviewer pursuant to this section; and

19 (B) within 30 calendar days from receiving the request for review
20 from the department and the documentation submitted pursuant to
21 subsection (b)(4)(A), issue the reviewer's final decision to the provider's
22 designated contact, the managed care organization's designated contact and
23 the department. The reviewer may extend the time to issue a final decision
24 by 14 calendar days upon agreement of both parties to the review.

25 (d) Within 10 business days of receiving a final decision of an
26 external independent third-party review, the managed care organization
27 shall notify the impacted recipient of medical assistance and the
28 participating healthcare provider of the final decision, if related to the
29 denial of a healthcare service.

30 (e) A party, including the recipient of medical assistance or the
31 participating healthcare provider, may appeal a final decision of the
32 external independent third-party review process to the office of
33 administrative hearings of the department of administration in accordance
34 with the Kansas administrative procedure act within 30 calendar days from
35 receiving the final decision of the external independent third-party review.
36 A party may appeal an order of the office of administrative hearings in
37 accordance with the Kansas judicial review act.

38 (f) The final decision of any external independent third-party review
39 conducted pursuant to this section shall also direct the losing party of the
40 review to pay an amount equal to the costs of the review to the third-party
41 reviewer. Any payment ordered pursuant to this subsection shall be stayed
42 pending any appeal of the review. If the final outcome of any appeal is to
43 reverse the decision of the external independent third-party review, the

1 losing party of the appeal shall be required to pay the costs of the review to
2 the third-party reviewer within 45 calendar days of entry of the final order.

3 (g) *{On and after the effective date of this section,}* A managed care
4 organization providing state medicaid services pursuant to a contract with
5 the Kansas program of medical assistance shall not discriminate against
6 any licensed pharmacy or pharmacist located within the geographic
7 coverage area of the managed care organization that is willing to meet the
8 conditions for participation established by the Kansas program of medical
9 assistance and to accept the prevailing medicaid fee schedule.

10 (h) The department of health and environment shall adopt rules and
11 regulations to implement the provisions of this section prior to January 1,
12 ~~2018~~ *{2019}*.

13 Sec. 3. This act shall take effect and be in force from and after its
14 publication in the statute book.