R590. Insurance, Administration.

R590-203-1. Authority.

This rule is specifically authorized by Subsections 31A-22-629(4) and 31A-4-116, which requires the commissioner to establish minimum standards for grievance review procedures. The rule is also promulgated pursuant to Subsections 31A-2-201(1) and 31A-2-201(3)(a) in which the commissioner is empowered to administer and enforce this title and to make rules to implement the provisions of this title. The authority to examine carrier records, files, and documentation is provided by Section 31A-2-203.

R590-203-2. Purpose.

The purpose of this rule is to ensure that a carrier's grievance review procedures for individual and group health insurance and disability income insurance plans comply with 29 CFR 2560.503-1, and Sections 31A-4-116 and 31A-22-629.

R590-203-3. Applicability and Scope.

(1) This rule applies to individual and group:
   (a) health care insurance;
   (b) disability income policies; and
   (c) health maintenance organization contracts.

(2) Long Term Care and Medicare supplement policies are not considered health insurance for the purpose of this rule.

(3) Disability income policies are exempt from R590-203-6.

(4) This rule does not apply to a health benefit plan that complies with R590-261, Health Benefit Plan Adverse Benefit Determinations.


In addition to the definitions in Section 31A-1-301, the following definitions shall apply for the purposes of this rule:

(1)(a) "Adverse benefit determination" means the:
   (i) denial of a benefit;
   (ii) reduction of a benefit;
   (iii) termination of a benefit; or
   (iv) failure to provide or make payment, in whole or in part, for a benefit.

(b) "Adverse benefit determination" includes:
   (i) denial, reduction, termination, or failure to provide or make payment that is based on a determination of an insured's eligibility to participate in a plan;
   (ii) a denial, reduction, or termination of, or a failure to provide or make payment, in whole or in part, for, a benefit resulting from the application of a utilization review; and
   (iii) failure to cover an item or service for which benefits
are otherwise provided because it is determined to be:
(A) experimental;
(B) investigational; or
(C) not a medical necessity or appropriate.

(2) "Carrier" means any person or entity that provides health insurance or disability income insurance in this state including:
(a) an insurance company;
(b) a prepaid hospital or medical care plan;
(c) a health maintenance organization;
(d) a multiple employer welfare arrangement; and
(e) any other person or entity providing a health insurance or disability income insurance plan under Title 31A.

(3) "Consumer Representative" may be an employee of the carrier who is a consumer of a health insurance or a disability income policy, as long as the employee is not:
(a) the individual who made the adverse determination; or
(b) a subordinate to the individual who made the adverse determination.

(4) "Medical Necessity" means:
(a) health care services or products that a prudent health care professional would provide to a patient for the purpose of preventing, diagnosing or treating an illness, injury, disease or its symptoms in a manner that is:
   (i) in accordance with generally accepted standards of medical practice in the United States;
   (ii) clinically appropriate in terms of type, frequency, extent, site, and duration;
   (iii) not primarily for the convenience of the patient, physician, or other health care provider; and
   (iv) covered under the contract; and
(b) that when a medical question-of-fact exists medical necessity shall include the most appropriate available supply or level of service for the individual in question, considering potential benefits and harms to the individual, and known to be effective.
   (i) For interventions not yet in widespread use, the effectiveness shall be based on scientific evidence.
   (ii) For established interventions, the effectiveness shall be based on:
       (A) scientific evidence;
       (B) professional standards; and
       (C) expert opinion.

(5)(a) "Scientific evidence" means:
(i) scientific studies published in or accepted for publication by medical journals that meet nationally recognized requirements for scientific manuscripts and that submit most of
their published articles for review by experts who are not part of the editorial staff; or

(ii) findings, studies or research conducted by or under the auspices of federal government agencies and nationally recognized federal research institutes.

(b) Scientific evidence shall not include published peer-reviewed literature sponsored to a significant extent by a pharmaceutical manufacturing company or medical device manufacturer or a single study without other supportable studies.

(6)(a) "Urgent care claim" means a request for a health care service or course of treatment with respect to which the time periods for making non-urgent care request determination:

(i) could seriously jeopardize the life or health of the insured or the ability of the insured to regain maximum function; or

(ii) in the opinion of a physician with knowledge of the insured's medical condition, would subject the insured to severe pain that cannot be adequately managed without the health care service or treatment that is the subject of the request.

(b)(i) Except as provided in Subsection (6)(a)(ii), in determining whether a request is to be treated as an urgent care request, an individual acting on behalf of the carrier shall apply the judgment of a prudent layperson who possesses an average knowledge of health and medicine.

(ii) Any request that a physician with knowledge of the insured's medical condition determines is an urgent care request within the meaning of Subsection (6)(a) shall be treated as an urgent care claim.

R590-203-5. Adverse Benefit Determination.

(1) A carrier's adverse benefit determination review procedure shall be compliant with the adverse benefit determination review requirements set forth in 29 CFR 2560.503-1, effective January 20, 2001. This document is incorporated by reference and available for inspection at the Insurance Department.

(2) A carrier's adverse benefit determination appeal board or body shall include at least one consumer representative that shall be present at every meeting.

R590-203-6. Independent and Expedited Adverse Benefit Determination Reviews for Health Insurance.

(1) A carrier shall provide an independent review procedure as a voluntary option for the resolution of adverse benefit determinations of medical necessity.

(2) An independent review procedure shall be conducted by an independent review organization, person, or entity other than the
carrier, the plan, the plan's fiduciary, the employer, or any
employee or agent of any of the foregoing, that do not have any
material professional, familial, or financial conflict of interest
with the health plan, any officer, director, or management
employee of the health plan, the enrollee, the enrollee's health
care provider, the provider's medical group or independent
practice association, the health care facility where service would
be provided and the developer or manufacturer of the service being
provided.

(3) Independent review organizations shall be designated by
the carrier, and the independent review organization chosen shall
not own or control, be a subsidiary of, or in any way be owned or
controlled by, or exercise control with a health insurance plan, a
national, state, or local trade association of health insurance
plans, and a national, state, or local trade association of health
care providers.

(4) The submission to an independent review procedure is
purely voluntary and left to the discretion of the claimant.

(5) A carrier's voluntary independent review procedure
shall:

(a) waive any right to assert that a claimant has failed to
exhaust administrative remedies because the claimant did not elect
to submit a dispute of medical necessity to a voluntary level of
appeal provided by the plan;

(b) agree that any statute of limitations or other defense
based on timeliness is tolled during the time a voluntary appeal
is pending;

(c) allow a claimant to submit a dispute of medical
necessity to a voluntary level of appeal only after exhaustion of
the appeals permitted under 29 CFR Subsection 2560.503-1(c)(2);

(d) upon request from any claimant, provide sufficient
information relating to the voluntary level of appeal to enable
the claimant to make an informed decision about whether to submit
a dispute of medical necessity to the voluntary level of appeal. This
information shall contain a statement that the decision to
use a voluntary level of appeal will not affect the claimant's
rights to any other benefits under the plan and information about
the applicable rules, the claimant's right to representation, and
the process for selecting the decision maker.

(e) An independent review conducted in compliance with
Section 31A-22-629, and this rule, can be binding on both parties.
A claimant's submission to a binding independent review is purely
voluntary and appropriate disclosure and notification must be
given as required by 29 CFR 2560.503-1.

(6) Standards for voluntary independent review:

(a) The carrier's internal adverse benefit determination
process must be exhausted unless the carrier and claimant mutually
agree to waive the internal process.

(b) Any adverse benefit determination of medical necessity may be the subject of an independent review.

c) The claimant has 180 calendar days from the date of the final internal review decision to request an independent review.

d) A carrier shall use the same minimum standards and times of notification requirement for an independent review that are used for internal levels of review, as set forth in 29 CFR Subsection 2560.503-1(h)(3), (i)(2) and (j).

7) A carrier shall provide an expedited review process for cases involving urgent care claims.

8) A request for an expedited review of an adverse benefit determination of medical necessity may be submitted either orally or in writing. If the request is made orally a carrier shall, within 24 hours, send written confirmation to the claimant acknowledging the receipt of the request for an expedited review.

9) An expedited review requires:

   (a) all necessary information, including the plan's original benefit determination, be transmitted between the plan and the claimant by telephone, facsimile, or other available similarly expeditious method;

   (b) a carrier to notify the claimant of the benefit review determination, as soon as possible, taking into account the medical urgency, but not later than 72 hours after receipt of the claimant's request for review of an adverse benefit determination; and

   (c) a carrier to use the same minimum standard for timing and notification as set forth in 29 CFR Subsection 2560.503-1(h), 503-1(i)(2)(i), and 503-1(j).

10) This section, R590-203-6, does not apply to disability income policies.


1) A carrier will notify a claimant of the benefit determination within 45 days of receipt of the claimant's request for review of an adverse benefit determination.

2) The time period for making a determination on review may be extended for up to 45 days when necessary due to matters beyond the control of the carrier.

3) If the time period is extended due to the claimant's failure to submit information necessary to decide a claim, the time period for making the benefit determination on review shall be tolled from the date on which the notification of the extension is sent until the date on which the claimant responds to the request for additional information.

4) Upon request, relevant information, free-of-charge, must
be provided to the claimant on any adverse benefit determination.

A carrier shall:
(1) make available upon request by the commissioner all adverse benefit determination review files and related documentation; and
(2) shall maintain these records for the current calendar year plus five years.

R590-203-9. Enforcement Date.
The commissioner shall begin enforcing the revised provisions of this rule on the effective date.

R590-203-10. Severability.
If a provision or clause of this rule or its application to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of these provisions shall not be affected.

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