

## **The Taft Patient Protection Act Report for the Year 2005**

On July 13, 1999, Governor Bob Taft signed into law House Bill 4 (H.B. 4), fulfilling a campaign promise to provide broader protection for health care consumers. Many Ohio consumers now have access to a fast-track health insurance claims appeals process, information hotlines, expanded access to women's health care services, and an estimated \$418 million in tax deductions to encourage the purchase of health insurance.

This is the fifth report of summary data from the Ohio Department of Insurance, representing the period from January 1, 2005 to December 31, 2005.

### **Summary of Patient Protection Act Requirements**

The Patient Protection Act applies to health benefit plans of the following carriers:

- Traditional Health Insurers;
- Preferred Provider Organizations (PPOs);
- Health Maintenance Organizations (HMOs/HICs); and
- Public Employee Health Benefit Plans (PEHBP).

The Patient Protection Act required all health carriers to create a process allowing insureds/enrollees the right to challenge the denial of a health benefit claim. Insureds/enrollees meeting statutorily specified criteria with coverage have the right to an external review under state law.

To ensure a comprehensive review of these types of denials, the Patient Protection Act external review is conducted through Independent Review Organizations (IROs), which are accredited by the Ohio Department of Insurance (the Department). Currently, seven (7) IROs are accredited by the Department for use in these processes.

The law established an expedited process for those insureds/enrollees whose condition could, in the absence of immediate medical attention, result in any of the following:

- Placing the health of the insured/enrollee or, with respect to a pregnant woman, the health of the insured/enrollee or the unborn child, in serious jeopardy;
- Serious impairment of bodily function;
- Serious dysfunction of any bodily organ or part.

When an external review is requested, the IRO is required to provide a decision to the health carrier and the insured/enrollee within 30 days for standard reviews and seven days for expedited reviews. The health carrier is required to provide any coverage determined by the IRO to be medically necessary or not experimentally investigative, subject to the other terms, limitations, and conditions of the related contract.

The Patient Protection Act (ORC 3901.82) requires that IROs report their findings to the Department. The Act also directs the Department to compile the information

submitted by the IROs and annually publish and report the information to all of the following:

- The Governor;
- The speaker and minority leader of the Ohio House of Representatives;
- The president and minority leader of the Ohio Senate; and
- The chairs and ranking minority members of the House and Senate committees with jurisdiction over health and insurance issues.

## **Summary of Reviews**

### ***Patient Protection Act Contractual Reviews***

The Patient Protection Act requires the Department to review disputes for health care services that have been denied, reduced or terminated by the health carrier. If the Department finds a coverage determination cannot be made because a medical issue must be resolved, the health carrier must afford the opportunity for an external review. When the Department makes a determination that the benefit or service is covered, the carrier must either cover the service or afford an opportunity for an external review.

### ***Summary of External Reviews by Internal Review Organizations***

An analysis of the data over the most recent 12-month period (January 1, 2005 to December 31, 2005) indicates that Ohio insured/enrollees are benefiting from the external review process. In total, IRO reviews involved benefit determinations amounting to approximately \$1.7 million. IRO decisions reversing claim denials saved insureds/enrollees approximately \$828,971. Without the external review process, the out-of-pocket expenses would average more than \$10,657 per review. The top five cases reversed exceeded \$460,403.

### ***Number of External Reviews Conducted / Outcomes***

For the reporting period of January 1, 2005 to December 31, 2005, 160 reviews were assigned to independent review organizations to determine the appropriateness of a health carrier's denial of services based on medical necessity or experimental/investigative treatment.

Of the 160 external reviews completed, 157 were standard reviews that permit a 30-day maximum review period. The IROs reversed benefit coverage denials made by health carriers on 62 reviews (39 percent of the reviews conducted). Of the remaining 95 reviews (61 percent), the IRO affirmed the health carrier's denial.

Three IRO cases were expedited, requiring a seven-day maximum review period. In all three cases, the IROs reversed the health carrier's original denials.

The top five cases reversed through the external review process during this report period are as follows:

**Top Five External Review Case Reversals**

<b>CASE DESCRIPTION</b>	<b>SERVICES REQUESTED</b>	<b>TOTAL BENEFIT PAID</b>
Spina Bifida	Private Duty Nursing	\$ 195,000
Colon Cancer	SIRT / Surgery	\$100,000
Myocardial Infarction	Open Heart Surgery	\$ 75,688
Chronic Respiratory Failure	Skilled Nursing Facility / Hospice	\$ 45,900
Gastroparesis	Enterra Therapy	\$ 41,065

***Average Time Required to Conduct a Review***

Of 160 reviews, 94 percent were completed within the time required by the Patient Protection Act. The average number of days to process a standard IRO review was 20 days, while the average number of days to process an expedited review was 8 days. Many of the delays in completing reviews were attributed to staff training issues within a certain company. The Department worked with this company over the course of the year to improve compliance.

***Cost of External Reviews***

The cost of an external review varies depending on whether the review is a standard 30-day review, or an expedited seven-day review, and whether the review is to determine medical necessity or experimental investigative treatment for an individual with a terminal illness. Reviews to determine medical necessity require only one reviewer while reviews of experimental services for terminal illness require a panel of three reviewers. The cost of the review is paid by the health carrier at an average cost of \$614. The total cost of IRO reviews to Ohio health carriers was \$ 98,272. Of that, \$5,650 was spent on expedited reviews.

***Summary of Services and Procedures***

External reviews were conducted for numerous types of services. The majority of the reviews were for surgery and hospitalization. These two services account for approximately \$ 455,497 (55 percent) of the estimated \$ 828,971 in total benefits reversed by the IRO. Therapy and skilled nursing/hospice/home health comprised a smaller number of reviews that had benefits reversed, totaling \$ 304,719(37 percent). In all, these four services combined for an approximate \$ 760,217(92 percent) of the \$828,971 in benefits reversed. See Attachment 1, IRO Reviews by Services and Procedures.

### ***Medical Specialty or Type of Provider***

When a health carrier contacts the Department to request an independent review organization, it identifies the medical specialty category required for the review. The categories of medical specialties are identified in *Attachment 2, IRO Reviews by Medical Specialty*.

#### **The top five medical specialty cases were:**

<b>MEDICAL SPECIALTY</b>	<b>TOTAL NUMBER OF REVIEWS</b>	<b>TOTAL BENEFITS REVIEWED</b>	<b>TOTAL BENEFITS PAID</b>
Plastic Surgery	18	\$ 90,967	\$ 38,765
Orthopedics	11	\$ 86,430	\$ 7,500
Psychiatry	11	\$131,208	\$ 20,132
Surgery, General	11	\$ 70,229	\$ 34,865
Cardiovascular Disease	9	\$ 125,339	\$ 116,889

### ***Summary of Contractual Reviews by the Ohio Department of Insurance***

From January 1, 2005 to December 31, 2005, 199 cases were closed by the Department under contractual review. The Department devotes significant resources to the review of Patient Protection Act contractual dispute cases and has established a review team comprised of Department specialists from the Office of Legal Services, the Office of Life & Health Services, and the Consumers Services Division. As a result of Department reviews, Ohio consumers received \$ 149,379 previously denied health benefits.

#### ***Outcome of Contract Reviews***

Health insurance company denials based on either benefit limits or services not covered by the contract were upheld in 79 percent (157 cases) of all cases. The company's denial based on these criteria was reversed in 10 percent (20 cases) of all cases. In 21 cases (11 percent), the Department referred the question to an IRO for external review, of which 5 were reversed.

#### ***Summary of Services and Average Time Required to Conduct a Review***

The average time for the Department to currently review a contract denial is 4 days. Many factors such as the complexity and the need for legal review of a consumer's contract impacts the amount of time needed to conduct a comprehensive review. Contract reviews are requested for various reasons. The average benefit amount recovered for Ohio consumers was \$ 7,113.

**The top five requested services are:**

<b>REQUESTED SERVICES</b>	<b>TOTAL NUMBER OF REVIEWS</b>	<b>TOTAL BENEFITS PAID *</b>
Pre-Existing Condition	22	\$ 84,224
Non-Network Providers	21	\$ 11,374
Dental	16	\$ 0
Emergency Room Services	14	\$ 3,436
Bariatric	10	\$ 0

\*Total benefits paid are for the period of January 1, 2005 - December 31, 2005.

**Conclusion**

The Taft Patient Protection Act provides Ohioans a venue for health insurance disputes. Since its enactment in 1999, more than \$ 6.5 million in previously denied benefits have been recovered for Ohio consumers. The Department has reviewed 2,760 cases through IROs and contract reviews.

The total number of IRO and contract review cases in 2005 was relatively equal to the number of cases in 2004. Utilization of services varied slightly between 2004 and 2005.

The Department continues to devote significant resources to the review of contract dispute issues. The complex nature of resolving contract disputes and the importance of ensuring a thorough review of case files requires an extensive investment of staff resources. The Department monitors this situation and utilizes existing resources at the most efficient level. Internet access to the Department's secure web page offers easy access to both health carriers and IROs. The Internet has proven very effective in facilitating the external review process. The Department of Insurance believes this report illustrates that the Patient Protection Act provides valuable and effective methods for resolving these disputes.

The Department will continue its efforts to publicize the H.B. 4 process to ensure that all eligible Ohio consumers have access to and knowledge of this important consumer right. To effectively promote this important right, the Department web site, <http://www.ohioinsurance.gov/>, includes explanations of external reviews by IROs and contract reviews by the Department. In addition, the Department's award-winning consumer guides provide information about external reviews.

For more information about this report or any aspect of the Patient Protection Act report, please contact the following individuals:

**Consumer Inquiries:** Nancy Colley, Consumer Services Division, (614) 644-3378.

**Legislative Inquiries:** Dan Tierney, Legislative Liaison, (614) 644-2334.

**Media Inquiries:** Robert Denhard, Office of Communications, (614) 644-3366.

**ATTACHMENT 1**  
**IRO REVIEWS BY "TYPE OF TREATMENT"**  
**JANUARY 1, 2005 - DECEMBER 31, 2005**

TYPE OF TREATMENT	# OF REVIEWS	IRO COSTS	BENEFIT \$'s REVIEWED	BENEFIT \$'s PAID (Reversed)
Surgery	64	\$38,326	\$586,879	\$354,335
Hospitalization	25	\$17,733	\$444,815	\$101,162
Therapy	21	\$14,351	\$202,039	\$63,819
Durable Medical Equipment	14	\$7,076	\$39,516	\$21,245
Drug	11	\$6,439	\$50,772	\$2,836
Testing	10	\$5,028	\$29,644	\$26,014
Emergency Room	7	\$3,516	\$6,036	\$875
Skilled Nursing/Hospice/Home Health	4	\$3,883	\$319,304	\$240,900
Other	3	\$1,345	\$20,535	\$17,785
Dental	1	\$575	\$5,615	\$0
<b>Grand Totals:</b>	<b>160</b>	<b>\$98,272</b>	<b>\$1,705,155</b>	<b>\$828,971</b>

**ATTACHMENT 2**  
**IRO REVIEWS BY "MEDICAL SPECIALITY"**  
**JANUARY 1, 2005 - DECEMBER 31, 2005**

MEDICAL SPECIALITY	# OF REVIEWS	IRO COSTS	BENEFIT \$'s REVIEWED	BENEFIT \$'s PAID (Reversed)
Plastic Surgery	18	\$8,707	\$90,967	\$38,765
Orthopedics	11	\$6,159	\$86,430	\$7,500
Psychiatry	11	\$6,864	\$131,209	\$20,132
Surgery, General	11	\$5,946	\$70,229	\$34,865
Cardiovascular Disease	9	\$5,548	\$125,339	\$116,899
Emergency Medicine	9	\$5,168	\$37,976	\$875
Durable Medical Equipment	7	\$3,559	\$75,460	\$42,710
Surgery, Gastric	6	\$3,579	\$75,000	\$55,000
Family Medicine	5	\$2,993	\$93,205	\$1,440
Psychology	5	\$3,668	\$159,610	\$550
Addiction Psychiatry	4	\$3,271	\$57,800	\$4,800
Dermatology	4	\$1,599	\$4,353	\$1,740
Ob/Gyn	4	\$2,859	\$26,696	\$20,165
Otolaryngology	4	\$2,123	\$17,127	\$126
Podiatric Medicine	4	\$2,359	\$30,000	\$15,000
Speech Pathology	4	\$2,590	\$4,822	\$3,382
General Medicine	3	\$1,497	\$9,500	\$8,570
Internal Medicine	3	\$2,275	\$5,491	\$3,145
Ophthalmology	3	\$1,561	\$12,604	\$6,231
Pain Management	3	\$1,821	\$10,785	\$785
Physical Therapy	3	\$2,681	\$20,092	\$0
Anesthesiology	2	\$1,927	\$20,960	\$20,960
Chiropractic	2	\$1,495	\$13,385	\$0
Dentistry	2	\$958	\$7,160	\$0
Neurologic Surgery	2	\$1,200	\$18,500	\$18,500
Neurology	2	\$1,136	\$3,072	\$2,422
Addiction Psychology	1	\$395	\$9,665	\$0
Allergy/Immunology	1	\$350	\$6,610	\$0
Cardiothoracic Surgery	1	\$500	\$20,000	\$20,000
Endocrinology	1	\$497	\$5,386	\$0
Gastroenterology	1	\$575	\$1,000	\$0
Hematology/Oncology	1	\$2,250	\$31,100	\$31,100
Home Health Care	1	\$385	\$195,000	\$195,000
Infectious Disease	1	\$600	\$4,920	\$4,920
Medical Genetics	1	\$395	\$800	\$800
Oral & Maxillofacial Surgery	1	\$395	\$1,100	\$1,100
Pediatric Endocrinology	1	\$602	\$1,396	\$1,396
Pediatric Gastroenterology	1	\$600	\$1,000	\$0
Pediatric Surgery	1	\$575	\$4,193	\$4,193
Pediatrics, General	1	\$575	\$10,000	\$0
Physical Medicine/Rehabilitation	1	\$395	\$1,750	\$0
Pulmonary Medicine	1	\$1,652	\$48,650	\$45,900
Radiation Oncology	1	\$2,900	\$100,000	\$100,000

June 06, 2006

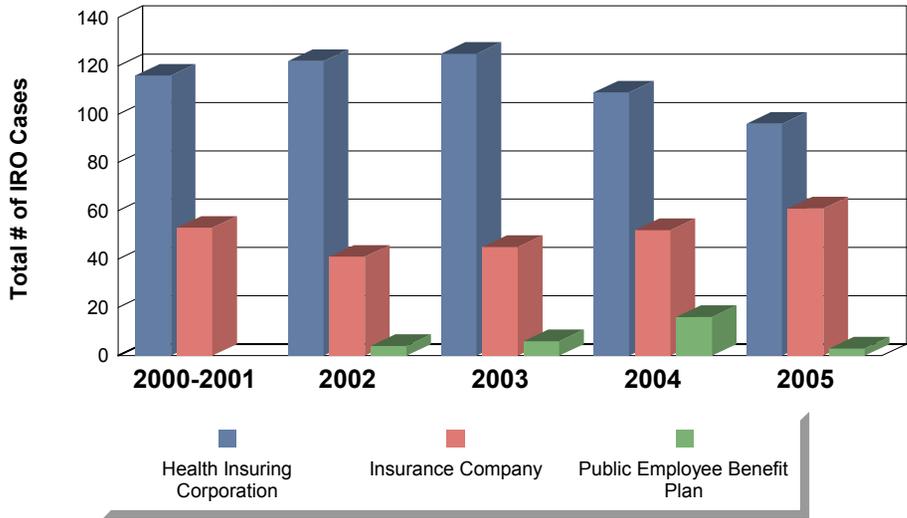
Ohio Department of Insurance /  
Office of Life & Health Services

**ATTACHMENT 2**  
**IRO REVIEWS BY "MEDICAL SPECIALITY"**  
**JANUARY 1, 2005 - DECEMBER 31, 2005**

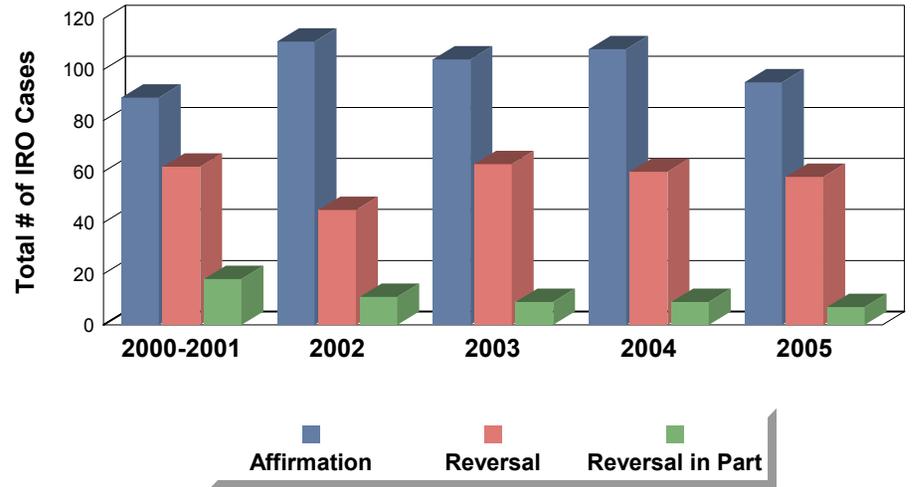
MEDICAL SPECIALITY	# OF REVIEWS	IRO COSTS	BENEFIT \$'s REVIEWED	BENEFIT \$'s PAID (Reversed)
Urology	1	\$575	\$50,000	\$0
Vascular Surgery	1	\$513	\$4,813	\$0
<b>Grand Totals:</b>	<b>160</b>	<b>\$98,272</b>	<b>\$1,705,155</b>	<b>\$828,971</b>

## ATTACHMENT 3 COMPARISON OF IRO CASES BY REPORT YEAR May 1, 2000 - December 31, 2005

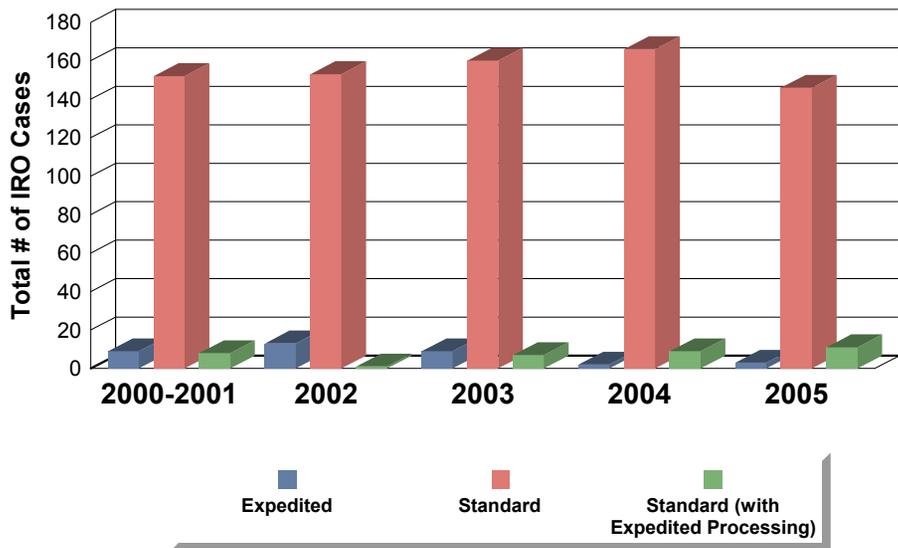
### TYPE OF HEALTH CARRIER



### IRO OUTCOME DECISIONS



### IRO REVIEW TYPE



### IRO BENEFIT \$'s REVIEWED vs. \$'s PAID

