

SENATE FILE 349
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BOLKCOM, and JUDGE

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act to establish standards for improvement of the quality of
2 health care benefits for children provided by insurance
3 carriers or organized delivery systems.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 349
HUMAN RESOURCES

1 Section 1. NEW SECTION. 514K.1 SHORT TITLE.

2 This Act shall be known and may be cited as "The Children's
3 Health Insurance Coverage Accountability Act".

4 Sec. 2. NEW SECTION. 514K.2 DEFINITIONS.

5 As used in this chapter, unless the context otherwise
6 requires:

7 1. "Carrier" means an entity subject to the insurance laws
8 and regulations of this state, or subject to the jurisdiction
9 of the commissioner of insurance, that contracts or offers to
10 contract to provide, deliver, arrange for, or reimburse any of
11 the costs of health care services for children, including an
12 insurance company offering health insurance coverage, a health
13 maintenance organization, a nonprofit health service
14 corporation, or any entity providing a plan of health
15 insurance, health benefits, or health services.

16 2. "Child" means an individual who is under nineteen years
17 of age.

18 3. "Children with special health care needs" means those
19 children who have or are at elevated risk for chronic
20 physical, developmental, behavioral, or emotional conditions
21 and who also require health and related services of a type and
22 amount not usually required by children.

23 4. "Clinical peer" means, with respect to a review, a
24 health care professional who holds a nonrestricted license or
25 certificate in a state and in the same or similar specialty as
26 a licensee and who typically manages the pediatric medical
27 condition, procedure, or treatment under review.

28 5. "Emergency medical condition" means a medical condition
29 manifesting itself by acute symptoms of sufficient severity,
30 including severe pain, that a prudent layperson, who possesses
31 an average knowledge of health and medicine, could reasonably
32 expect absence of immediate medical attention to result in one
33 of the following:

34 a. Placing the health of the individual or, with respect
35 to a pregnant woman, the health of the woman or the fetus, in

1 serious jeopardy.

2 b. Serious impairment to bodily function.

3 c. Serious dysfunction of any bodily organ or part.

4 6. "Emergency services" means, with respect to an
5 individual enrolled with a health maintenance organization,
6 preferred provider organization, or organized delivery system,
7 covered inpatient and outpatient services that are furnished
8 by a provider that is qualified to furnish such services and
9 which services are needed to evaluate or stabilize an
10 emergency medical condition.

11 7. "Enrollee" means an individual for whom a carrier or
12 organized delivery system provides health insurance coverage.

13 8. "Expedited review" means a review process which results
14 in a decision no more than seventy-two hours after the review
15 is commenced.

16 9. "Grievance" means a written complaint submitted by or
17 on behalf of an enrollee.

18 10. "Health insurance coverage" means coverage issued by
19 an insurance company under chapter 509, a group health
20 contract issued by a health care services corporation under
21 chapter 514, a plan for health care services provided by a
22 health maintenance organization under chapter 514B or an
23 organized delivery system as defined in section 514E.1, or
24 issued or provided by any similar corporation or organization.

25 11. "Health care provider" means a clinic, hospital
26 physician organization, preferred provider organization,
27 independent practice association, or other appropriately
28 licensed provider of health care services or supplies.

29 12. "Health care professional" means a person licensed or
30 certified under state law to provide health care services and
31 who is operating within the scope of such licensure or
32 certification.

33 13. "Health care services" means services for the
34 diagnosis, prevention, or treatment of a health condition,
35 illness, injury, or disease.

1 14. "Organized delivery system" means organized delivery
2 system as defined in section 514E.1.

3 15. "Parent" means the father or mother of a child or the
4 legal guardian or custodian of a child.

5 16. "Participating professional" means a health care
6 professional who has entered into an agreement with a carrier
7 or organized delivery system to provide health care services
8 to an enrollee.

9 17. "Primary care professional" means a health care
10 professional under contract with a carrier or organized
11 delivery system, who has been designated to coordinate,
12 supervise, or provide ongoing care to an enrollee.

13 18. "Quality assurance" means the ongoing evaluation of
14 the quality of health care services provided to enrollees.

15 19. "Specialist" means, with respect to a condition,
16 disability, or disease, a health care professional or provider
17 that has extensive pediatric expertise through appropriate
18 training or experience to provide high-quality care in
19 treating the condition.

20 20. "Terminally ill" means that an enrollee has a medical
21 prognosis that the enrollee's life expectancy is six months or
22 less.

23 21. "Utilization review" means a program or process by
24 which an evaluation is made of the necessity, appropriateness,
25 and efficiency of the use of health care services, procedures,
26 or facilities provided or proposed to be provided to an
27 individual within this state. These standards do not apply to
28 requests by any person or provider for a clarification,
29 guarantee, or statement of an individual's health insurance
30 coverage or benefits provided under a health insurance policy,
31 nor to claims adjudication. Unless it is specifically stated,
32 verification of benefits, preauthorization, and prospective or
33 concurrent utilization review programs shall not be construed
34 in any context as a guarantee or statement of insurance
35 coverage or benefits for any individual under a health

1 insurance policy.

2 Sec. 3. NEW SECTION. 514K.3 FINDINGS.

3 The general assembly finds all of the following:

4 1. Children have health and development needs that are
5 markedly different than those of the adult population.

6 2. Children experience complex and continuing changes
7 during the continuum from birth to adulthood, and appropriate
8 health care services are essential during that continuum for
9 optimal development.

10 3. The majority of assessments of the effectiveness of
11 health care services and the impact of medical care on patient
12 outcomes and patient satisfaction focus on adults, not
13 children.

14 4. Health outcome measures must be appropriate to age,
15 gender, and level of development in order to be useful to
16 families and children.

17 5. Costly disorders during adulthood often originate
18 during childhood, making early access to effective health care
19 services during childhood essential.

20 6. Many chronic conditions, disabilities, and diseases
21 affect children. These children require health care services
22 provided by specialists who have in-depth knowledge about the
23 particular condition.

24 7. Children's patterns of illness, disability, and injury
25 differ dramatically from adults' patterns of illness,
26 disability, and injury.

27 Sec. 4. NEW SECTION. 514K.4 ACCESS TO CARE.

28 Notwithstanding section 514C.6, all of the following shall
29 apply to a carrier or organized delivery system:

30 1. If a carrier or organized delivery system requires or
31 provides for a parent enrollee to designate a participating
32 primary care professional for a child enrollee, all of the
33 following shall occur:

34 a. The carrier or organized delivery system shall permit
35 the parent enrollee to designate a health care professional

1 who specializes in pediatrics as the child enrollee's primary
2 care professional.

3 b. If such a parent enrollee has not designated such a
4 primary care professional for the child enrollee, the carrier
5 or organized delivery system shall consider appropriate
6 pediatric expertise when mandatorily assigning such a child
7 enrollee to a primary care professional.

8 2. Subsection 1 shall not be interpreted to waive any
9 requirements of coverage relating to medical necessity or
10 appropriateness with respect to coverage of health care
11 services.

12 3. If a child enrollee has a mental or physical condition,
13 disability, or disease of sufficient seriousness and
14 complexity to require diagnosis, evaluation, or treatment by a
15 specialist, the carrier or organized delivery system shall
16 make or provide for a referral to a specialist who has
17 extensive experience or training, and is available and
18 accessible to provide the treatment for such condition or
19 disease. Referral shall include the choice of a specialist
20 who is not a primary care professional participating in the
21 plan or a referral to a health care professional who is not a
22 participating professional as provided for under subsection 6,
23 if such a health care professional is not available within the
24 plan.

25 4. A carrier or organized delivery system is not required
26 under subsection 3 to provide for a referral to a specialist
27 who is not a participating health care professional, unless
28 the carrier or organized delivery system does not have an
29 appropriate specialist who is available and accessible to
30 treat the child enrollee's condition and who is a
31 participating professional with respect to such treatment.

32 5. If a carrier or organized delivery system refers a
33 child enrollee to a nonparticipating specialist, health care
34 services provided pursuant to the referral shall be provided
35 at no additional cost to the enrollee beyond what the enrollee

1 would otherwise pay for health care services to such a
2 specialist who is a participating professional.

3 6. A carrier or organized delivery system shall have a
4 procedure under which a child enrollee, who has a condition or
5 disease that requires specialized medical care over a
6 prolonged period of time, shall receive a referral to a
7 pediatric specialist who is a participating professional. If
8 such a participating professional who is a pediatric
9 specialist is not available, the child enrollee shall be
10 referred to a health care professional who is not a
11 participating professional but who is qualified to provide the
12 health care services necessary for the condition and the
13 specialist shall be responsible for providing and coordinating
14 the child enrollee's primary and specialty care.

15 7. A carrier or organized delivery system shall have a
16 procedure by which a child enrollee, who has a condition,
17 disability, or disease that requires ongoing care from a
18 specialist, may request and obtain a standing referral to a
19 specialist for treatment of the condition. If the primary
20 care professional, in consultation with the medical director
21 of the carrier or organized delivery system and the
22 specialist, if any, determines that such a standing referral
23 is appropriate, the carrier or organized delivery system shall
24 authorize such a referral to such a specialist. A standing
25 referral permitted under this subsection shall be consistent
26 with a treatment plan.

27 8. A carrier or organized delivery system, with the
28 participation of a child enrollee's family, health care
29 providers, and health care professionals, shall develop a
30 treatment plan for a child enrollee who requires ongoing care
31 that covers a specified period of time, but in no event less
32 than a six-month period. Health care services provided under
33 the treatment plan shall not require additional approvals or
34 referrals.

35 9. The provisions of subsections 4 and 5 shall apply with

1 respect to referrals under subsection 7 in the same manner as
2 they apply to referrals under subsection 3.

3 10. A carrier or organized delivery system shall ensure
4 that a sufficient number, distribution, and variety of
5 qualified participating professionals are available so as to
6 ensure that all covered health care services, including
7 specialty services, are available and accessible to all child
8 enrollees in a timely manner.

9 11. If a carrier or organized delivery system provides any
10 emergency services benefits for child enrollees, the coverage
11 of emergency services furnished by the carrier or organized
12 delivery system shall be as follows:

13 a. A prior authorization determination shall not be
14 required.

15 b. The health care professional or provider furnishing
16 such services shall not be required to be a participating
17 professional with respect to such services.

18 c. No other term or condition of such coverage, other than
19 exclusion of benefits, or an affiliation or waiting period
20 otherwise permitted by law, shall be applied.

21 12. A carrier or organized delivery system shall not
22 impose any cost sharing for pediatric specialty services
23 provided under health insurance coverage to child enrollees in
24 amounts that exceed the cost sharing required for other
25 specialty care under the coverage.

26 13. A carrier or organized delivery system, in providing
27 health insurance coverage, shall ensure that the coverage
28 includes provision of health care services to child enrollees
29 with special health care needs. Appropriate procedures shall
30 be implemented to provide specialized health care services for
31 children with special health care needs. The development of
32 such procedures shall include participation by the families of
33 such children.

34 Sec. 5. NEW SECTION. 514K.5 CONTINUITY OF CARE BY
35 CARRIER OR ORGANIZED DELIVERY SYSTEM.

1 1. Notwithstanding section 514C.6, if a contract between a
2 carrier or organized delivery system and a participating
3 professional is terminated, other than by the carrier or
4 organized delivery system for failure to meet applicable
5 quality standards or for fraud, and a child enrollee is
6 undergoing a course of treatment from the participating
7 professional at the time of such termination, the carrier or
8 organized delivery system shall do all of the following:

- 9 a. Notify the parent enrollee of the termination.
- 10 b. Subject to subsection 3, permit the child enrollee to
11 continue the course of treatment with the participating
12 professional during a transitional period.

13 2. Except as otherwise provided in this section, the
14 transitional period under this section shall extend for at
15 least one of the following:

- 16 a. Sixty days from the date of the notice to the enrollee
17 of the health care professional's termination in the case of a
18 primary care professional.

- 19 b. One hundred twenty days from such date in the case of
20 another health care professional.

21 3. The transitional period under this section for
22 institutional or inpatient care from a health care
23 professional shall extend until the discharge or termination
24 of the period of institutionalization and shall include
25 reasonable follow-up care related to the institutionalization
26 and shall also include institutional care scheduled prior to
27 the date of termination of the health care professional
28 status.

29 4. If a child enrollee has entered the second trimester of
30 pregnancy at the time of a health care professional's
31 termination of participation, and the health care professional
32 was treating the pregnancy before the date of the termination,
33 the transitional period under this section with respect to the
34 health care professional's treatment of the pregnancy shall
35 extend through the provision of postpartum care directly

1 related to the delivery.

2 5. If a child enrollee was determined to be terminally ill
3 at the time of a health care professional's termination of
4 participation, and the health care professional was treating
5 the terminal illness before the date of termination, the
6 transitional period under this section shall extend for the
7 remainder of the child enrollee's life for care directly
8 related to the treatment of the terminal illness.

9 6. A carrier or organized delivery system may condition
10 coverage of continued treatment by a health care professional
11 during a transitional period under subsection 1, paragraph
12 "b", upon all of the following terms and conditions:

13 a. The health care professional agrees to continue to
14 accept reimbursement from the carrier or organized delivery
15 system at the rates applicable prior to the start of the
16 transitional period as payment in full.

17 b. The health care professional agrees to adhere to the
18 quality assurance standards of the carrier or organized
19 delivery system and to provide to the carrier or organized
20 delivery system necessary medical information related to the
21 care provided.

22 c. The health care professional agrees otherwise to adhere
23 to the policies and procedures, of the carrier or organized
24 delivery system, including procedures regarding referrals and
25 obtaining prior authorization and providing services pursuant
26 to a treatment plan approved by the carrier or organized
27 delivery system.

28 Sec. 6. NEW SECTION. 514K.6 CONTINUOUS QUALITY
29 IMPROVEMENT.

30 1. A carrier or organized delivery system shall establish
31 and maintain an ongoing, internal quality assurance program
32 that at a minimum meets all of the following requirements:

33 a. Establishes and measures a set of health care services,
34 functional assessments, structure, processes and outcomes, and
35 quality indicators that are unique to children and based on

1 nationally accepted standards or guidelines of health care
2 services.

3 b. Maintains written protocols consistent with recognized
4 clinical guidelines or current consensus in the pediatric
5 field, to be used for purposes of internal utilization review,
6 with periodic updating and evaluation by pediatric specialists
7 of protocols to determine effectiveness in controlling
8 utilization.

9 c. Provides for peer review by health care professionals
10 of the structure, processes, and outcomes related to the
11 provision of health care services, including pediatric review
12 of pediatric cases.

13 d. Includes, in member satisfaction surveys, questions on
14 child and family satisfaction and experience with health care
15 services, including health care services to children with
16 special needs.

17 e. Monitors and evaluates the continuity of health care
18 services with respect to children.

19 f. Includes pediatric measures that are directed at
20 meeting the needs of at-risk children and children with
21 chronic conditions, disabilities, and severe illnesses.

22 g. Maintains written guidelines to ensure the availability
23 of medications appropriate for children.

24 h. Uses focused studies of health care services received
25 by children with certain types of chronic conditions and
26 disabilities and focused studies of specialized services used
27 by children with chronic conditions and disabilities.

28 i. Monitors access to pediatric specialty services.

29 j. Monitors patient satisfaction with child health care
30 professionals.

31 2. A carrier or organized delivery system shall conduct
32 utilization review activities that meet, at a minimum, the
33 requirements of this section.

34 a. A utilization review program shall be conducted in a
35 manner which is consistent with written policies and

1 procedures that govern all aspects of the program.

2 b. A utilization review program shall utilize written
3 clinical review criteria specific to children and developed
4 pursuant to the program with the input of appropriate health
5 care professionals, including pediatricians, nonprimary care
6 pediatric specialists, and other child health care
7 professionals.

8 c. A utilization review program shall be administered by
9 qualified health care professionals, including health care
10 professionals with pediatric expertise who shall oversee
11 review decisions.

12 3. A utilization review program shall provide for the
13 conduct of utilization review activities only through
14 personnel who are qualified and, to the extent required, who
15 have received appropriate pediatric or child health training
16 in the conduct of such activities under the program.

17 4. A utilization review program shall provide that
18 clinical peers shall evaluate the clinical appropriateness of
19 adverse clinical outcomes and divergent clinical options.

20 Sec. 7. NEW SECTION. 514K.7 APPEALS AND GRIEVANCE
21 MECHANISMS FOR CHILD ENROLLEES.

22 1. A carrier or organized delivery system shall establish
23 and maintain a system for the resolution of complaints and
24 appeals made regarding all aspects of such coverage. The
25 system shall include an expedited review procedure for appeals
26 made on behalf of a child enrollee in situations in which the
27 time frame of a standard appeal would jeopardize the life,
28 health, or development of the child.

29 2. The commissioner of insurance and the director of
30 public health shall adopt rules which establish an external
31 review process for an enrollee to appeal a denial of coverage,
32 based on medical necessity. The rules shall include
33 provisions for a timely review, including provisions for
34 expedited review for situations where delay could pose a
35 serious threat to the enrollee. The rules shall also require

1 the review to be conducted by an independent review
2 organization which includes clinical peers.

3 Sec. 8. NEW SECTION. 514K.8 ACCOUNTABILITY THROUGH
4 DISTRIBUTION OF INFORMATION.

5 1. A carrier or organized delivery system shall provide to
6 each enrollee, at the time of enrollment and on an annual
7 basis, and shall make available to each prospective enrollee
8 upon request, a prospectus containing information that allows
9 the enrollee to determine the performance of the carrier or
10 organized delivery system.

11 2. The commissioner and the director of public health
12 shall adopt rules establishing the format and content of
13 information to be included in the prospectus. The information
14 shall include, but is not limited to:

- 15 a. Quality assessment data.
- 16 b. The type, frequency, and outcomes of and the procedure
17 for filing enrollee complaints and grievances.
- 18 c. Covered and excluded benefits.
- 19 d. Compensation arrangements with participating health
20 care providers and participating professionals.

21 EXPLANATION

22 This bill establishes a new Code chapter 514K, which
23 establishes standards for health care quality improvement for
24 children with health insurance coverage. The Code chapter may
25 be referred to as "The Children's Health Insurance Coverage
26 Accountability Act".

27 The bill provides findings of the general assembly,
28 including that children's health care needs are unique, that
29 appropriate health care during childhood is essential for
30 optimal development, that assessments used in measuring the
31 effectiveness of health care generally focus on adults and not
32 on children, that health outcome measures should be
33 appropriate to age, gender, and level of development to be
34 useful, that disorders of adulthood often originate in
35 childhood, that children often require the care of

1 specialists, and that children's patterns of illnesses,
2 disabilities, and injuries differ from adults' patterns.

3 The bill provides definitions used throughout the chapter.

4 The bill requires that a carrier of health insurance or an
5 organized delivery system allow a parent enrollee to designate
6 as a primary health care professional for the parent
7 enrollee's child a person who specializes in pediatrics, if
8 the enrollee is required to select a primary health care
9 professional; requires that the carrier or organized delivery
10 system make or provide for a referral to a specialist who has
11 extensive experience or training if a child enrollee has a
12 mental or physical condition, disability, or disease of
13 sufficient seriousness and complexity to require a
14 specialist's care (this includes referral to a
15 nonparticipating specialist if no such participating
16 professional exists); provides that if a child enrollee is
17 referred to a nonparticipating specialist, the cost to the
18 enrollee shall be the same as the cost of a participating
19 specialist; requires a carrier or organized delivery system to
20 have a procedure for referral of a child enrollee who has a
21 condition or disease that requires specialized medical care
22 over a prolonged period of time to receive a referral to a
23 pediatric specialist for the condition and that this
24 specialist may provide and coordinate the child's primary and
25 specialty care; requires a carrier or organized delivery
26 system to have a procedure by which a child enrollee who has a
27 condition, disability, or disease that requires ongoing care
28 from a specialist to request and obtain a standing referral to
29 the specialist for treatment of the condition; requires that
30 the carrier or organized delivery system, with the
31 participation of the family and health care providers and
32 professionals, is to develop a treatment plan for a child
33 enrollee who requires ongoing care that covers at least a six-
34 month period and additional approval and referrals are not
35 necessary for the duration of the treatment plan; requires the

1 carrier or organized delivery system to ensure that a
2 sufficient number, distribution, and variety of qualified
3 participating professionals are available to ensure that all
4 covered health care services are available and accessible to
5 all child enrollees in a timely manner; requires that if
6 emergency services coverage is provided, the carrier or
7 organized delivery system shall cover emergency services
8 without prior authorization determination, whether or not the
9 health care professional furnishing the services is a
10 participating professional, and without regard to any other
11 term or condition other than exclusion of benefits, or an
12 affiliation or waiting period otherwise permitted by law;
13 prohibits a carrier or organized delivery system from imposing
14 any cost sharing for pediatric specialty services provided in
15 amounts that exceed the cost sharing required for other
16 specialty care; and requires a carrier or organized delivery
17 system to ensure that coverage provides special consideration
18 for the provision of services to enrollee children with
19 special health care needs.

20 The bill addresses continuity of care by requiring that if
21 a contract between a carrier or organized delivery system and
22 a health care professional is terminated and a child enrollee
23 is undergoing a course of treatment from the health care
24 professional at the time of termination, the carrier or
25 organized delivery system is to notify the enrollee and permit
26 the child enrollee to continue with the health care
27 professional during a transition period specified in the bill.
28 The bill specifies continuation of care for child enrollees
29 who are pregnant women or terminally ill persons.

30 The bill requires a carrier or organized delivery system to
31 establish and maintain an ongoing, internal quality assurance
32 program and specifies the minimum requirements for such a
33 program. The bill also requires the conducting of utilization
34 review activities.

35 The bill requires the establishment of a system to provide

1 for the resolution of complaints and appeals, including an
2 external appeals process and an expedited appeals, process, on
3 behalf of a child enrollee if the time frame of a standard
4 appeal would jeopardize the life, health, or development of
5 the child. The bill also directs the commissioner of
6 insurance and the director of public health to develop an
7 external review process to be used by enrollees to appeal a
8 denial of coverage based on medical necessity.

9 The bill requires carriers of health insurance coverage and
10 organized delivery systems to make a prospectus available to
11 enrollees and prospective enrollees. The bill directs the
12 commissioner of insurance and the director of public health to
13 adopt rules regarding the content of the prospectus including
14 but not limited to quality assessment data, the type,
15 frequency and outcomes of and the procedures for filing an
16 appeal or grievance, covered and excluded benefits, and
17 compensation arrangements with participating professionals and
18 providers.

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