

# Health Care Reform

## External Appeal Requirement for Self Funded Accounts

### Overview

Effective for plan years beginning on and after September 23, 2010, all non-grandfathered self funded accounts must establish an independent external appeal process for members who are disputing a final adverse determination as a result of an internal appeal. The appeals provision of Health Care Reform requires all self-funded accounts to establish an independent external level of appeal using an Independent Review Organization (IRO) for denials related to medical necessity or experimental/investigational.

### Implementation Requirements

- A claimant has four months after receipt of a final adverse determination to file an external appeal. There are rules on how to calculate the four months related to weekends and holidays.
- External appeals apply to denials for medical necessity and experimental/investigational treatment.
- When a claimant files an external appeal with the group, the group has five business days to perform a preliminary review of the application and make a determination as to whether the external appeal application is acceptable and was filed on time.
- If the group determines that a case is not eligible for the external appeal process or for cases that are rejected, the group must inform the claimant, in writing, within one business day of the preliminary review that the external appeal was not eligible. The notice must include the reasons why the case was rejected and next steps for the claimant.
- Groups must contract with three separate Independent Review Organizations (IROs) and randomly assign eligible cases to one of the IROs.
- The contract with the group and the IRO must include the following:
  - The IRO must be accredited by URAC or a nationally recognized accrediting organization
  - The IRO must be non biased and independent
  - The IRO must not be eligible for any financial incentives based on denial of benefits
  - The IRO will provide timely written notices to the claimant. There are several notice requirements that the IRO must adhere to
  - The group must supply the assigned IRO any documents relative to the appeal within five business days of assignment to the IRO
  - Within one business day, the IRO must send any new information they receive relative to the appeal to the group. The group then has one business day to review the new information and advise the IRO of an overturn or to continue with the external appeal
  - The IRO must maintain all records associated with the external appeal for six years
  - On overturned decisions by the IRO, the group must immediately provide coverage for the services
  - The IRO must have processes in place for both standard and expedited external appeals
  - The IRO must decide external appeals within 45 days from receipt of the request for external appeal

We are pleased to offer a value added service to facilitate the external review process on your behalf for your eligible employees and dependents for which we currently administer benefits. We have arrangements in place with several IROs that comply with the requirements listed above. At this time, we are not charging an administrative fee for this service; however, the IRO will charge a fee for each external appeal they review. You will be responsible for paying this fee which cannot be waived and which may range from \$500 to \$2,800 per case.

The external appeal requirement applies for plan years beginning on and after September 23, 2010. We will implement a process to manage this requirement for you, unless you tell us otherwise. If you choose NOT to use us for your members' external appeals and you are facilitating this requirement through another means, it is important that you notify us immediately who will be managing this process for you. We will include the external appeal contact information and filing instructions in the final adverse determination notices that we issue to your members.

If you have further questions related to the external appeal requirement or other questions related to Health Care Reform, please contact your Sales Account Consultant.

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