

1 SB350
2 136081-1
3 By Senator Smitherman
4 RFD: Banking and Insurance
5 First Read: 14-MAR-13

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8 SYNOPSIS: To repeal portions of Title 27 of the Code
9 of Alabama 1975.

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11 A BILL
12 TO BE ENTITLED
13 AN ACT

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15 Relating to the Alabama Insurance Code, to repeal
16 the following:

17 27-3A-5 (a) Except as provided in subsection (b),
18 all utilization review agents shall meet the following minimum
19 standards: (1) Notification of a determination by the
20 utilization review agent shall be mailed or otherwise
21 communicated to the provider of record or the enrollee or
22 other appropriate individual within two business days of the
23 receipt of the request for determination and the receipt of
24 all information necessary to complete the review. (2) Any
25 determination by a utilization review agent as to the
26 necessity or appropriateness of an admission, service, or
27 procedure shall be reviewed by a physician or determined in

1 accordance with standards or guidelines approved by a
2 physician. (3) Any notification of determination not to
3 certify an admission, service, or procedure shall include the
4 principal reason for the determination and the procedures to
5 initiate an appeal of the determination. (4) Utilization
6 review agents shall maintain and make available a written
7 description of the appeal procedure by which the enrollee or
8 the provider of record may seek review of a determination by
9 the utilization review agent. The appeal procedure shall
10 provide for the following: a. On appeal, all determinations
11 not to certify an admission, service, or procedure as being
12 necessary or appropriate shall be made by a physician in the
13 same or a similar general specialty as typically manages the
14 medical condition, procedure, or treatment under discussion as
15 mutually deemed appropriate. A chiropractor must review all
16 cases in which the utilization review organization has
17 concluded that a determination not to certify a chiropractic
18 service or procedure is appropriate and an appeal has been
19 made by the attending chiropractor, enrollee, or designee. b.
20 Utilization review agents shall complete the adjudication of
21 appeals of determinations not to certify admissions, services,
22 and procedures no later than 30 days from the date the appeal
23 is filed and the receipt of all information necessary to
24 complete the appeal. c. When an initial determination not to
25 certify a health care service is made prior to or during an
26 ongoing service requiring review, and the attending physician
27 believes that the determination warrants immediate appeal, the

1 attending physician shall have an opportunity to appeal that
2 determination over the telephone on an expedited basis. A
3 representative of a hospital or other health care provider or
4 a representative of the enrollee or covered patient may assist
5 in an appeal. Utilization review agents shall complete the
6 adjudication on an expedited basis. Utilization review agents
7 shall complete the adjudication of expedited appeals within 48
8 hours of the date the appeal is filed and the receipt of all
9 information necessary to complete the appeal. Expedited
10 appeals that do not resolve a difference of opinion may be
11 resubmitted through the standard appeal process. (5)
12 Utilization review agents shall make staff available by
13 toll-free telephone at least 40 hours per week during normal
14 business hours. (6) Utilization review agents shall have a
15 telephone system capable of accepting or recording incoming
16 telephone calls during other than normal business hours and
17 shall respond to these calls within two working days. (7)
18 Utilization review agents shall comply with all applicable
19 laws to protect the confidentiality of individual medical
20 records. (8) Physicians, chiropractors, or psychologists
21 making utilization review determinations shall have current
22 licenses from a state licensing agency in the United States.
23 (9) Utilization review agents shall allow a minimum of 24
24 hours after an emergency admission, service, or procedure for
25 an enrollee or representative of the enrollee to notify the
26 utilization review agent and request certification or
27 continuing treatment for that condition. (b) Any utilization

1 review agent that has received accreditation by the
2 utilization review accreditation commission shall be exempt
3 from this section.

4 27-3A-6 (a) Whenever the department has reason to
5 believe that a utilization review agent subject to this
6 chapter has been or is engaged in conduct that violates this
7 chapter, the department shall notify the utilization review
8 agent of the alleged violation. The agent shall respond to the
9 notice not later than 30 days after the notice is made. (b)
10 If the department finds that the utilization review agent has
11 violated this chapter, or that the alleged violation has not
12 been corrected, the department may conduct a contested case
13 hearing on the alleged violation in accordance with the
14 Administrative Procedure Act. (c) If, after the hearing, the
15 department determines that the utilization review agent has
16 engaged in a violation, the department shall reduce the
17 findings to writing and shall issue and cause to be served
18 upon the agent a copy of the findings and an order requiring
19 the agent to cease and desist from engaging in the violation.
20 (d) The department may also exercise either or both of the
21 following disciplinary powers: (1) Impose an administrative
22 fine of not more than five thousand dollars (\$5,000) for a
23 violation that occurred with such frequency as to indicate a
24 general business pattern or practice. (2) Suspend or revoke
25 the certification of a utilization review agent if the agent
26 knew the act was in violation of this chapter and repeated the

1 act with such frequency as to indicate a general business
2 pattern or practice.

3 27-4-2 (a) The Commissioner of Insurance shall
4 collect in advance fees, licenses, and miscellaneous charges
5 as follows: (1) Certificate of authority: a. Initial
6 application for original certificate of authority, including
7 the filing with the commissioner of all documents incidental
8 thereto \$500 b. Issuance of original certificate of
9 authority 500 c. Annual continuation or renewal fee
10 500 d. Reinstatement fee 500 (2) Charter
11 documents, filing with the commissioner amendment to articles
12 of incorporation or of association, or of other charter
13 documents or to bylaws 25 (3) Solicitation permit,
14 filing application and issuance 250 (4) Annual
15 statement of insurer, except when filed as part of application
16 for original certificate of authority, filing 25 (5)
17 Producer licenses (resident or nonresident): a. Individuals:
18 1. Application fee (For filing of initial application for
19 license) 20 2. License fee (For issuance of original
20 license) 40 b. Business entities: 1. Application fee
21 (For filing of initial application for license) 20 2.
22 License fee (For original license and each biennial renewal)
23 100 c. Examination fees (For producer examination or
24 reexamination, each classification of examination) 50
25 (6) Producer appointment fee: a. Filing notice of appointment
26 30 b. Annual continuation of appointment 10 (7)
27 Reinsurance intermediary license: a. Filing application for

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 27-3A-5 to 27-4-2, Code of
3 Alabama 1975, are repealed.

4 Section 2. This act shall become effective
5 immediately following its passage and approval by the
6 Governor, or its otherwise becoming law.