

## **The Taft Patient Protection Act Report for the Year 2003**

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 \$80 million in tax deductions to encourage the purchase of health insurance.

This is the third report of summary data from the Ohio Department of Insurance, representing the period from January 1, 2003 to December 31, 2003.

### **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). 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 shall 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, 2003 to December 31, 2003) indicates that Ohio insured/enrollees are benefiting from the external review process. In total, IRO reviews involved benefit determinations amounting to approximately \$2.3 million. IRO decisions reversing claim denials saved insureds/enrollees approximately \$909,099. Without the external review process, the out-of-pocket expenses would average more than \$12,000 per review. Two reviews alone exceeded \$100,000.

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

For the reporting period of January 1, 2003 to December 31, 2003, 176 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 176 external reviews completed, 167 were standard reviews that permit a 30-day maximum review period. The IROs reversed benefit coverage denials made by health carriers on 70 reviews (42 percent of the reviews conducted). Of the remaining 97 reviews (58 percent), the IRO affirmed the health carrier's denial.

Nine IRO cases were expedited, requiring a seven-day maximum review period. Of the nine expedited reviews, seven dealt with experimental or investigational treatment of cancer and two reviews dealt with medically necessary hospitalization, skilled nursing care and durable medical equipment or various medical conditions. In two reviews, IRO panels ruled in favor of the insured/enrollee. Total expedited reviews resulted in \$214,500 in benefits paid.

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

### Top Five External Review Case Reversals

| CASE DESCRIPTION   | SERVICES REQUESTED                                 | TOTAL BENEFIT PAID |
|--|--|--------------------|
| Amyloidosis - Amyloidosis is a group of disease processes characterized by extracellular tissue deposits, in one or many organs, of protein materials. | Single Autologous Stem Cell Transplant             | \$107,500          |
| Prostate Cancer  | Tandem Autologous Stem Cell Transplant             | \$107,000          |
| Amyloidosis - Amyloidosis is a group of disease processes characterized by extracellular tissue deposits, in one or many organs, of protein materials. | Single Autologous Stem Cell Transplant             | \$67,200           |
| Multiple Myeloma   | Second Autologous Stem Cell Transplant of a Tandem | \$56,000           |
| Left hip disarticulated, above knee amputee  | C-leg prosthesis                                   | \$54,000           |

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

Of 176 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 21 days, while the average number of days to process an expedited review was 6 days.

#### ***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 \$656. The total cost of IRO reviews to Ohio health carriers was \$115,403. Of that, \$15,721 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 therapy. These two services account for approximately \$630,944 (69 percent) of the estimated \$909,099 in total benefits reversed by the IRO. Hospitalization and durable medical equipment, while comprising

a smaller number of reviews, had benefits awarded, totaling \$117,854. In all, these four services combined for an approximate \$748,798 (82 percent) of the \$909,099 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:**

| MEDICAL SPECIALTY | TOTAL NUMBER OF REVIEWS | TOTAL BENEFITS REVIEWED | TOTAL BENEFITS PAID |
|-------------------|-------------------------|-------------------------|---------------------|
| Plastic Surgery   | 13                      | \$112,992               | \$12,340            |
| Orthopedics       | 11                      | \$61,816                | \$25,391            |
| General Surgery   | 11                      | \$77,828                | \$33,044            |
| Internal Medicine | 10                      | \$287,142               | \$17,971            |
| Surgery, Gastric  | 10                      | \$192,929               | \$111,929           |

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

From January 1, 2003 to December 31, 2003, 479 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 \$260,917 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 (378 cases) of all cases. The company's denial based on these criteria was reversed in 13 percent (64 cases) of all cases. In 37 cases (8 percent), the Department referred the question to an IRO for external review, of which 20 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 10 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 top five requested services are:**

| <b>REQUESTED SERVICES</b> | <b>TOTAL NUMBER OF REVIEWS</b> | <b>TOTAL BENEFITS PAID *</b> |
|---------------------------|--------------------------------|------------------------------|
| Non-Network Providers     | 58                             | \$21,516                     |
| Emergency Room Services   | 54                             | \$10,105                     |
| Dental Services           | 32                             | \$47,550                     |
| Bariatric Surgery         | 31                             | \$10,000                     |
| Cosmetic Surgery          | 25                             | \$33,568                     |

\*Total benefits paid are for the period of January 1, 2003- December 31, 2003.

The average benefit amount recovered for Ohio consumers was \$3,345.

**Conclusion**

With enactment of the Taft Patient Protection Act, Ohio health benefit consumers are no longer at a dead-end if they have been denied coverage by their health carrier. Since the enactment in 1999, more than \$4.5 million in previously denied benefits have been recovered. The Department has reviewed 1,889 cases through IROs and contract reviews. Each year more consumers are exercising their right to another opinion regarding a health benefit denial.

The total number of IRO and contract review cases in 2003 was relatively equal to the number of cases in 2002. Utilization of services varied slightly between 2002 and 2003.

The Department continues to devote additional 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 continues to monitor 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 efficient 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, [www.ohioinsurance.gov](http://www.ohioinsurance.gov), includes content explaining 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 Advocate, (614) 644-3378

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

**Media Inquiries:** Mike Fulwider, Director of Communications; (614) 644-3481.

**ATTACHMENT 1**  
**IRO Reviews By Services & Procedures**  
**January 1, 2003 - December 31, 2003**

| <b>SERVICES &amp; PROCEDURES</b>    | <b># CASES / PERCENTAGE</b> |       | <b>IRO COST / PERCENTAGE</b> |       | <b>BENEFIT \$'s REVIEWED / PERCENTAGE</b> |       | <b>BENEFIT \$'s PAID</b> | <b>BENEFIT \$'s DENIED</b> |
|-------------------------------------|-----------------------------|-------|------------------------------|-------|---|-------|--------------------------|----------------------------|
| Dental                              | 2                           | 1.1%  | \$925                        | .8%   | \$27,775                                  | 1.2%  | \$26,855                 | \$920                      |
| Drug                                | 7                           | 4.0%  | \$7,232                      | 6.3%  | \$120,713                                 | 5.3%  | \$36,618                 | \$84,095                   |
| Durable Medical Equipment           | 17                          | 9.7%  | \$8,712                      | 7.5%  | \$161,473                                 | 7.1%  | \$77,239                 | \$84,234                   |
| Emergency Room                      | 10                          | 5.7%  | \$5,020                      | 4.3%  | \$12,239                                  | .5%   | \$2,300                  | \$9,939                    |
| Hospitalization                     | 19                          | 10.8% | \$14,283                     | 12.4% | \$336,790                                 | 14.8% | \$40,615                 | \$296,175                  |
| Other                               | 4                           | 2.3%  | \$2,170                      | 1.9%  | \$8,614                                   | .4%   | \$7,309                  | \$1,305                    |
| Skilled Nursing/Hospice/Home Health | 6                           | 3.4%  | \$3,793                      | 3.3%  | \$184,984                                 | 8.1%  | \$71,876                 | \$113,108                  |
| Surgery                             | 70                          | 39.8% | \$45,660                     | 39.6% | \$1,201,732                               | 52.9% | \$611,106                | \$590,626                  |
| Testing                             | 13                          | 7.4%  | \$9,074                      | 7.9%  | \$24,514                                  | 1.1%  | \$15,344                 | \$9,170                    |
| Therapy                             | 28                          | 15.9% | \$18,534                     | 16.1% | \$192,774                                 | 8.5%  | \$19,837                 | \$172,937                  |
| <b>Grand Total:</b>                 | <b>176</b>                  |       | <b>\$115,403</b>             |       | <b>\$2,271,608</b>                        |       | <b>\$909,099</b>         | <b>\$1,362,509</b>         |

**ATTACHMENT 2**  
**IRO REVIEWS BY MEDICAL SPECIALITY**  
**JANUARY 1, 2003 - DECEMBER 31, 2003**

| <b>MEDICAL SPECIALITY</b>        | <b># OF REVIEWS</b> | <b>IRO COSTS</b> | <b>BENEFIT \$'s REVIEWED</b> | <b>BENEFIT \$'s PAID</b> | <b>BENEFITS \$'s DENIED</b> |
|----------------------------------|---------------------|------------------|------------------------------|--------------------------|-----------------------------|
| Addiction Psychiatry             | 5                   | \$2,853          | \$84,562                     | \$0                      | \$84,562                    |
| Addiction Psychology             | 1                   | \$721            | \$1,110                      | \$0                      | \$1,110                     |
| Anesthesiology                   | 4                   | \$3,603          | \$14,175                     | \$2,100                  | \$12,075                    |
| Cardiovascular Disease           | 2                   | \$1,461          | \$2,072                      | \$685                    | \$1,387                     |
| Chiropractic                     | 6                   | \$2,915          | \$11,100                     | \$1,842                  | \$9,258                     |
| Dentistry                        | 3                   | \$1,525          | \$17,220                     | \$16,300                 | \$920                       |
| Dermatology                      | 2                   | \$950            | \$2,228                      | \$1,200                  | \$1,028                     |
| Durable Medical Equipment        | 1                   | \$575            | \$1,900                      | \$0                      | \$1,900                     |
| Emergency Medicine               | 9                   | \$4,420          | \$10,276                     | \$2,300                  | \$7,976                     |
| Endocrinology                    | 1                   | \$575            | \$5,530                      | \$0                      | \$5,530                     |
| Family Medicine                  | 1                   | \$395            | \$5,000                      | \$0                      | \$5,000                     |
| Gastroenterology                 | 4                   | \$2,325          | \$25,609                     | \$24,009                 | \$1,600                     |
| General Medicine                 | 2                   | \$2,061          | \$16,475                     | \$6,475                  | \$10,000                    |
| Hematology                       | 1                   | \$2,957          | \$8,700                      | \$8,700                  | \$0                         |
| Hematology/Oncology              | 7                   | \$13,578         | \$479,541                    | \$230,700                | \$248,841                   |
| Home Health Care                 | 1                   | \$616            | \$50,000                     | \$50,000                 | \$0                         |
| Internal Medicine                | 10                  | \$7,250          | \$287,143                    | \$17,971                 | \$269,172                   |
| Medical Oncology                 | 2                   | \$3,689          | \$109,631                    | \$109,631                | \$0                         |
| Neurology                        | 4                   | \$2,170          | \$4,786                      | \$2,000                  | \$2,786                     |
| Ob/Gyn                           | 3                   | \$1,540          | \$2,668                      | \$500                    | \$2,168                     |
| Ophthalmology                    | 2                   | \$970            | \$23,446                     | \$0                      | \$23,446                    |
| Oral & Maxillofacial Surgery     | 7                   | \$3,312          | \$86,355                     | \$75,355                 | \$11,000                    |
| Orthopedics                      | 11                  | \$5,221          | \$61,816                     | \$25,391                 | \$36,425                    |
| Otolaryngology                   | 4                   | \$2,319          | \$7,279                      | \$680                    | \$6,599                     |
| Pain Management                  | 3                   | \$1,864          | \$16,500                     | \$500                    | \$16,000                    |
| Pediatric Endocrinology          | 1                   | \$778            | \$36,000                     | \$36,000                 | \$0                         |
| Pediatric Gastroenterology       | 1                   | \$600            | \$500                        | \$500                    | \$0                         |
| Pediatric Neurology              | 2                   | \$925            | \$4,100                      | \$4,100                  | \$0                         |
| Pediatric Orthopedics            | 1                   | \$895            | \$1,560                      | \$1,560                  | \$0                         |
| Pediatric Physical Medicine      | 1                   | \$206            | \$6,200                      | \$0                      | \$6,200                     |
| Pediatric Pulmonology            | 2                   | \$1,191          | \$21,076                     | \$6,294                  | \$14,782                    |
| Pediatric Surgery                | 1                   | \$395            | \$44,640                     | \$18,720                 | \$25,920                    |
| Pediatric Urology                | 1                   | \$600            | \$15,400                     | \$0                      | \$15,400                    |
| Pediatrics, General              | 1                   | \$349            | \$3,000                      | \$3,000                  | \$0                         |
| Pharmacology                     | 1                   | \$795            | \$735                        | \$618                    | \$117                       |
| Physical Medicine/Rehabilitation | 4                   | \$2,196          | \$64,238                     | \$0                      | \$64,238                    |
| Physical Therapy                 | 1                   | \$519            | \$556                        | \$0                      | \$556                       |
| Plastic Surgery                  | 13                  | \$7,139          | \$112,992                    | \$12,340                 | \$100,652                   |
| Podiatric Medicine               | 9                   | \$7,125          | \$49,834                     | \$17,000                 | \$32,834                    |
| Prosthetics                      | 1                   | \$395            | \$54,000                     | \$54,000                 | \$0                         |
| Psychiatry                       | 6                   | \$3,054          | \$82,150                     | \$18,170                 | \$63,980                    |
| Pulmonary Medicine               | 3                   | \$1,365          | \$144,705                    | \$0                      | \$144,705                   |
| Radiation Oncology               | 1                   | \$600            | \$455                        | \$127                    | \$328                       |

**ATTACHMENT 2**  
**IRO REVIEWS BY MEDICAL SPECIALITY**  
**JANUARY 1, 2003 - DECEMBER 31, 2003**

| <b>MEDICAL SPECIALITY</b> | <b># OF REVIEWS</b> | <b>IRO COSTS</b> | <b>BENEFIT \$'s REVIEWED</b> | <b>BENEFIT \$'s PAID</b> | <b>BENEFITS \$'s DENIED</b> |
|---------------------------|---------------------|------------------|------------------------------|--------------------------|-----------------------------|
| Rheumatology              | 1                   | \$350            | \$2,500                      | \$2,500                  | \$0                         |
| Sleep Studies             | 1                   | \$600            | \$545                        | \$0                      | \$545                       |
| Speech Pathology          | 2                   | \$970            | \$6,028                      | \$868                    | \$5,160                     |
| Sports Medicine           | 1                   | \$350            | \$925                        | \$0                      | \$925                       |
| Surgery, Gastric          | 10                  | \$4,828          | \$192,929                    | \$111,929                | \$81,000                    |
| Surgery, General          | 11                  | \$7,147          | \$77,828                     | \$33,044                 | \$44,784                    |
| Urology                   | 1                   | \$350            | \$6,500                      | \$6,500                  | \$0                         |
| Vascular Surgery          | 3                   | \$1,816          | \$7,090                      | \$5,490                  | \$1,600                     |
| <b>Grand Totals:</b>      | <b>176</b>          | <b>\$115,403</b> | <b>\$2,271,608</b>           | <b>\$909,099</b>         | <b>\$1,362,509</b>          |