

**HOUSE BILL No. 2169**

By Committee on Health and Human Services

1-25

1 AN ACT concerning the Kansas program of medical assistance; process  
2 and contract requirements; claims appeals.

3  
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. (a) The secretary of health and environment shall require  
6 that any managed care organization providing state medicaid services  
7 pursuant to a contract with the Kansas program of medical assistance:

8 (1) Provide accurate and uniform patient encounter data to a  
9 participating healthcare provider, or as directed by such provider, upon  
10 request, to include at a minimum the:

11 (A) Managed care organization claim number;

12 (B) patient medicaid identification number;

13 (C) patient name;

14 (D) type of claim;

15 (E) amount billed by revenue code;

16 (F) managed care organization paid amount and paid date; and

17 (G) provider patient account number;

18 (2) provide quarterly education for participating healthcare providers  
19 regarding billing guidelines, reimbursement requirements and program  
20 policies and procedures on a regularly scheduled basis utilizing a format  
21 approved by the secretary; and

22 (3) reimburse, at no less than the medical assistance program fee-for-  
23 service rate, all services provided by any hospital to initially screen, treat  
24 and stabilize any individual covered by the Kansas program of medical  
25 assistance who comes to such hospital's emergency department, without  
26 regard to the hospital's contracting status with the managed care  
27 organization or prior authorization by the managed care organization, and  
28 without reduction based upon a post-care determination by the managed  
29 care organization as to whether such individual required emergency  
30 services.

31 (b) Upon receiving a request for patient encounter data pursuant to  
32 subsection (a)(1), a managed care organization shall furnish to the  
33 participating healthcare provider all requested information within 30  
34 calendar days after receiving the request for data. The managed care  
35 organization may charge a reasonable fee for furnishing requested data,  
36 including only the cost of any computer services, including staff time

1 required.

2 (c) The secretary shall develop standards to be utilized uniformly by  
3 each managed care organization providing state medicaid services  
4 pursuant to a contract with the Kansas program of medical assistance  
5 regarding:

6 (1) A uniform process and forms for credentialing and re-  
7 credentialing healthcare providers who have signed contracts or  
8 participation agreements with any such managed care organization;

9 (2) documentation to be provided to a healthcare provider by all  
10 managed care organizations when such managed care organization denies  
11 any portion of a claim for reimbursement submitted by such provider, to  
12 include a specific explanation of the reason for denial, that may not be  
13 subsequently changed by the managed care organization, and utilization of  
14 standard denial reason codes and remark codes;

15 (3) procedures, requirements and limitations for prior authorization  
16 for healthcare services and prescriptions; and

17 (4) internal claims grievance and appeal processes and timelines for  
18 resolving a grievance, not to exceed 90 calendar days from the date such  
19 grievance is filed, and for resolving an appeal, not to exceed 45 calendar  
20 days from the date such appeal is filed. Such processes and timelines shall  
21 provide that, if the managed care organization exceeds the time limit for  
22 resolving a grievance or appeal, then the participating healthcare provider  
23 shall automatically prevail in the grievance or appeal.

24 (d) Any contract or agreement between the Kansas program of  
25 medical assistance and a managed care organization to provide state  
26 medicaid services commencing on or after July 1, 2017, shall establish a  
27 definition of and cap on administrative spending such that:

28 (1) Administrative spending does not include any profit greater than  
29 the contracted amount;

30 (2) administrative spending does not include contractor incentives;

31 (3) any administrative spending is necessary to improve the health  
32 status of the population to be served pursuant to the contract; and

33 (4) administrative spending shall not exceed 10% of the managed  
34 care organization's total expenditures to provide state medicaid services  
35 pursuant to the contract. The managed care organization shall report  
36 quarterly to the secretary of health and environment such spending and  
37 percentage.

38 (e) The secretary shall adopt rules and regulations as may be  
39 necessary to implement the provisions of this section prior to January 1,  
40 2018.

41 Sec. 2. (a) (1) Any managed care organization providing state  
42 medicaid services pursuant to a contract with the Kansas program of  
43 medical assistance shall include in any letter to a participating healthcare

1 provider reflecting a final decision of the managed care organization's  
2 internal appeal process:

3 (A) A statement that the provider's internal appeal rights within the  
4 managed care organization have been exhausted;

5 (B) a statement that the provider is entitled to an external independent  
6 third-party review pursuant to this section; and

7 (C) the requirements to request an external independent third-party  
8 review.

9 (2) For each instance that a letter does not comply with the  
10 requirements of paragraph (1), the managed care organization shall pay to  
11 the participating healthcare provider a penalty not to exceed \$1,000.

12 (b) (1) A provider who has been denied a healthcare service to a  
13 recipient of medical assistance or a claim for reimbursement to the  
14 provider for a healthcare service rendered to a recipient of medical  
15 assistance and who has exhausted the internal written appeals process of a  
16 managed care organization providing state medicaid services pursuant to a  
17 contract with the Kansas program of medical assistance shall be entitled to  
18 an external independent third-party review of the managed care  
19 organization's final decision.

20 (2) To request an external independent third-party review of a final  
21 decision by a managed care organization, an aggrieved provider shall  
22 submit a written request for such review to the managed care organization  
23 within 60 calendar days of receiving the managed care organization's final  
24 decision resulting from the managed care organization's internal review  
25 process. A provider's request for such review shall:

26 (A) Identify each specific issue and dispute directly related to the  
27 adverse final decision issued by the managed care organization;

28 (B) state the basis upon which the provider believes the managed care  
29 organization's decision to be erroneous; and

30 (C) provide the provider's designated contact information, including  
31 name, mailing address, phone number, fax number and email address.

32 (3) Within five business days of receiving a provider's request for  
33 review pursuant to this section, the managed care organization shall:

34 (A) Confirm to the provider's designated contact, in writing, that the  
35 managed care organization has received the request for review;

36 (B) notify the department of health and environment of the provider's  
37 request for review; and

38 (C) notify the recipient of medical assistance of the provider's request  
39 for review, if related to the denial of a healthcare service.

40 If the managed care organization fails to satisfy the requirements of this  
41 paragraph, then the provider shall automatically prevail in the review.

42 (4) Within 15 business days of receiving a provider's request for  
43 external independent third-party review, the managed care organization

1 shall:

2 (A) Submit to the department of health and environment all  
3 documentation submitted by the provider in the course of the managed  
4 care organization's internal appeal process; and

5 (B) provide the managed care organization's designated contact  
6 information, including name, mailing address, phone number, fax number  
7 and email address.

8 If the managed care organization fails to satisfy the requirements of this  
9 paragraph, then the provider shall automatically prevail in the review.

10 (5) (A) An external independent third-party review shall not be  
11 granted regarding a claim for which the recipient of medical assistance or  
12 participating healthcare provider has already requested a hearing before  
13 the office of administrative hearings of the department of administration.

14 (B) If a recipient for medical assistance or participating healthcare  
15 provider files a request for a hearing before the office of administrative  
16 hearings regarding a claim for which the provider has already filed a  
17 request for external independent third-party review, the external  
18 independent third-party review shall be held in abeyance until the  
19 recipient's appeal before the office of administrative hearings has been  
20 fully adjudicated.

21 (6) Upon receiving notification of a request for external independent  
22 third-party review, the department of health and environment shall:

23 (A) Assign the review to an external independent third-party  
24 reviewer;

25 (B) notify the managed care organization of the identity of the  
26 external independent third-party reviewer; and

27 (C) notify the provider's designated contact of the identity of the  
28 external independent third-party reviewer.

29 (7) The department shall deny a request for external independent  
30 third-party review if the requesting provider fails to:

31 (A) Exhaust the managed care organization's internal appeal process;  
32 or

33 (B) submit a timely request for an external independent third-party  
34 review pursuant to this section.

35 (c) (1) Multiple appeals to the external independent third-party  
36 review process regarding the same recipient of medical assistance may be  
37 determined in one action upon request of a party in accordance with rules  
38 and regulations adopted by the department for health and environment.

39 (2) Documentation reviewed by the external independent third-party  
40 reviewer shall be limited to documentation submitted pursuant to  
41 subsection (b)(5)(A).

42 (3) An external independent third-party reviewer shall:

43 (A) Conduct an external independent third-party review of any claim

1 submitted to the reviewer pursuant to this section; and

2 (B) within 30 calendar days from receiving the request for review  
3 from the department and the documentation submitted pursuant to  
4 subsection (b)(5)(A), issue the reviewer's final decision to the provider's  
5 designated contact, the managed care organization's designated contact and  
6 the department. The reviewer may extend the time to issue a final decision  
7 by 14 calendar days upon agreement of both parties to the review.

8 (d) Within 10 business days of receiving a final decision of an  
9 external independent third-party review, the managed care organization  
10 shall notify the impacted recipient of medical assistance and the  
11 participating healthcare provider of the final decision, if related to the  
12 denial of a healthcare service.

13 (e) A party may appeal a final decision of the external independent  
14 third-party review process to the office of administrative hearings of the  
15 department of administration in accordance with the Kansas administrative  
16 procedure act within 30 calendar days from receiving the final decision of  
17 the external independent third-party review. A party may appeal an order  
18 of the office of administrative hearings in accordance with the Kansas  
19 judicial review act.

20 (f) The department of health and environment shall adopt rules and  
21 regulations to implement the provisions of this section prior to January 1,  
22 2018.

23 Sec. 3. This act shall take effect and be in force from and after its  
24 publication in the statute book.