



South Carolina Department of Insurance

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Columbia, South Carolina 29223

JIM HODGES
Governor

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BULLETIN NUMBER 2001-3 **(Issued upon August 7, 2001)**

To: All Insurers Licensed to Transact Accident and Health Insurance Business within the State of South Carolina, All South Carolina Licensed Health Maintenance Organizations (HMOs), All South Carolina Certified Private Review Agents and All Other Interested Parties

From: Ernst N. Csiszar
Director

A handwritten signature in black ink, appearing to read "Ernst N. Csiszar".

Re: Application Form for Initially Approving Independent Review Organizations (IROs) to Conduct External Reviews

I. PURPOSE

In accordance with the provisions of South Carolina's Health Carrier External Review Act, the purpose of this Bulletin is to:

- (A) Promulgate the application form for initially approving independent review organizations (IROs) to conduct external reviews;
- (B) Establish an advisory committee with appropriate representation to review the applications; and
- (C) Establish procedures for submission of initial applications.

II. APPLICATION FORM FOR INITIALLY APPROVING IROs TO CONDUCT EXTERNAL REVIEWS

South Carolina Code of Laws Section 38-71-2000(B) requires the Director or his designee to develop an application form for initially approving IROs to conduct external reviews. This application form is included as Appendix A to this Bulletin.

III. ADVISORY COMMITTEE TO REVIEW IRO APPLICATIONS

South Carolina Code of Laws Section 38-71-2000(B) allows the Director or his designee to establish an advisory committee with appropriate representation to review the IRO applications. The Director hereby establishes an advisory committee to review IRO applications with the following representation:

- (A) 2 representatives of nonprofit organizations which advocate on behalf of consumers;
- (B) 1 representative of the South Carolina Medical Association;
- (C) 1 representative of the South Carolina Health Alliance;
- (D) 1 representative of a licensed domestic accident and health insurer or HMO;
- (E) 1 representative of the South Carolina Managed Care Alliance;
- (F) 1 representative of the Health Insurance Association of America;
- (G) 1 representative of the South Carolina Chamber of Commerce;

The role of the advisory committee will be to make recommendations to the Director or his designee with respect to whether or not an application for an IRO to conduct external reviews meets the minimum qualifications established under South Carolina Code of Laws Section 38-71-2010. The recommendation of the advisory committee will be considered along with any other relevant factors in the decision of the Director or his designee to approve or not approve the IRO to conduct external reviews.

IV. PROCEDURES FOR SUBMISSION OF INITIAL APPLICATIONS

An IRO wishing to be approved to conduct external reviews must submit:

- (A) The application form in Appendix A and include with the form all documentation and information necessary for the Director or his designee to determine if the IRO satisfies the minimum qualifications established under South Carolina Code of Laws Section 38-71-2010;
- (B) Two originals and nine copies of all requested information to: Ann V. Bishop, Research and Compliance Analyst, South Carolina Department of Insurance, P.O. Box 100105, Columbia, SC 29202-3105; and
- (C) A \$1,000 application fee payable to the South Carolina Department of Insurance.

In accordance with South Carolina Code of Laws Section 38-71-2000(F), the Director or his designee will maintain and periodically update a list of approved IROs. The first such list will be published by October 1st of 2001 and will be updated at least quarterly thereafter. In order for an IRO to be considered for inclusion in the initial list of approved IROs, applications must be received by this Department no later than September 7, 2001.

Approvals will be effective on the date of issue and will continue in effect through September 30th of odd-numbered years.

Appendix A
South Carolina Department of Insurance
(SCDOI)
P.O. Box 100105
Columbia, SC 29202-3105

Independent Review Organization (IRO) Application

Name of IRO: _____

Other Names in which IRO does business: _____

Company Address: _____

Telephone: _____ Fax: _____ Website: _____

Federal Employer Identification Number: _____

Primary Contact Person for the Application:

Name: _____

Title: _____

Telephone: _____ Fax: _____ E-mail: _____

Address (If different from above): _____

Does the IRO, currently hold any accreditations? Yes No

If yes, please list them: _____

Has any accreditation status ever been revoked or suspended? Yes No

If yes, please explain: _____

I hereby attest to the accuracy and completeness of this application.

Signature of Chief Executive Officer

Date: _____

Sworn to and subscribed before me

this _____ day of _____, 20_____

Signature of Notary

Name of Notary

Notary Public for the State of _____ My Commission Expires: _____

General Instructions:

1. Respond to all questions, including attachments, in consecutive order. Submit two originals and nine copies of all requested information to:

Ann V. Bishop
Research and Compliance Analyst
South Carolina Department of Insurance
P.O. Box 100105
Columbia, SC 29202-3105

Note: False or misleading statements will result in the loss of certification and/or other action or penalty.

2. Enclose a \$1,000 application fee payable to the South Carolina Department of Insurance. The approval is effective on date of issue and will continue in effect through September 30 of odd numbered years.
3. No entity is qualified to submit an application if it owns or controls, is a subsidiary of or in any way owned or controlled by, or exercises common control with, any of the following: a health benefit plan; a national, state or local trade association of health care providers; or a national, state or local trade association of health benefit plans.

I. Organization and Management of Independent Review Organization

A. Corporate Management

1. Please complete the following and submit Attachment A for each person so described or his/her equivalent:

Chief Executive Officer

Name: _____
Title: _____
Telephone: _____ Fax: _____ E-mail: _____
Address (If different from company address above): _____

Corporate Medical Director

Name: _____
Title: _____
Telephone: _____ Fax: _____ E-mail: _____
Address (If different from company address above): _____

Director of IRO Operations

Name: _____
Title: _____
Telephone: _____ Fax: _____ E-mail: _____
Address (If different from company address above): _____

2. Provide an organizational chart showing all lines of authority and key personnel within the IRO.

B. Organizational Structure

1. Date of incorporation: _____
2. Company type (check all that apply): _____ For-Profit _____ Non-Profit _____ Public
_____ Private _____ Mutual _____ Stock _____ LLP
Other: _____
 - a. List the states in which the IRO, holding company or parent, subsidiary or affiliate entity provides external review services:

 - b. List the states in which the IRO, holding company or parent, subsidiary or affiliate entity has been approved as an IRO:

 - c. Has any state ever revoked, suspended or otherwise prohibited or modified the IRO, holding company or parent, subsidiary or affiliate entity's ability to operate as an IRO?
Yes ___ No ___
If yes, please attach an explanation.
3. Describe in detail the organizational structure of the IRO. Provide the following documents with any explanations necessary to clarify their meaning or use:
 - a. Certificates of incorporation, articles of organization and by-laws or operating agreements for the IRO, holding company or parent, subsidiary or affiliate entity;
 - b. An organizational chart showing all holding companies, parents, or subsidiaries and affiliates of the IRO.
4. The Chief Executive Officer must complete and submit the notarized attestation on Conflict of Interest, Attachment B, for the corporate entity, all directors, officers, executives and the Medical Director.

II. Quality Assurance and Confidentiality

- A. In accordance with South Carolina Code of Laws Section 38-71-2010(A)(1), provide a detailed description of the quality assurance program of the IRO which ensures:
1. that external reviews are conducted within the specified time frames, and required notices are provided in a timely manner. Include a description and a chart or diagram of the sequence of steps through which an external appeal will move from receipt of the external appeal by the IRO through notification to the covered person and health plan regarding the external appeal determination. Such description should take into account South Carolina Code of Laws Sections 38-71-1970 and 38-71-1980;
 2. the selection of qualified and impartial clinical peer reviewers to conduct external reviews on behalf of the IRO and suitable matching of reviewers to specific cases;
 3. the confidentiality of medical and treatment records and clinical review criteria; and

4. that any person employed by or under contract with the IRO adheres to the requirements of Article 19 of Chapter 71 of Title 38 of the South Carolina Code of Laws.
- B. Provide procedures for ensuring that clinical peer reviewers, when making an external appeal determination, comply with South Carolina Code of Laws Sections 38-71-1970(G) and 38-71-1980(D).
 - C. Provide procedures for ensuring that the provisions related to experimental and investigational treatment are adhered to as provided by South Carolina Code of Laws Sections 38-71-1970(D)(3) and 38-71-1980(C)(2).

III. Contracted Service Providers/Peer Reviewers

- A. Provide a detailed description of the procedures employed to ensure compliance with the provisions of South Carolina Code of Laws Section 38-71-2010(B) which requires that all clinical peer reviewers assigned by an IRO to conduct external reviews must be physicians or other appropriate health care providers who:
 1. are knowledgeable about the recommended health care service or treatment through recent or current actual clinical experience treating patients with the same or similar medical condition of the covered person; and
 2. hold a nonrestricted license in a state of the United States and, for physicians, a current certification by a recognized American medical specialty board in the area or areas appropriate to the subject of the external review.
- B. Provide the number of peer reviewers in the IRO's provider network by completing Attachment C.
- C. Provide a detailed description of procedures used to ensure that clinical peer reviewers assigned to review a particular appeal do not have a prohibited conflict of interest pursuant to South Carolina Code of Laws Section 38-71-2010(D), and provide criteria for determining whether a material conflict of interest exists.

IV. Information Systems

- A. Provide a detailed description of the procedures for operating a toll-free telephone service to receive information on a 24-hour-a-day, 7 day-a-week basis relating to the external appeals as required by South Carolina Code of Laws Section 38-71-2010(A)(2). Demonstrate that the system is capable of accepting, recording or providing appropriate instruction to incoming telephone callers during other than normal business hours.
- B. Provide a detailed description of the mechanisms used to ensure proper reporting of the information required by the South Carolina Department of Insurance pursuant to South Carolina Code of Laws Section 38-71-2030, which is shown in Attachment D.

V. Financial Arrangements

A. Provide the following current financial data for the applicant:

1. Statement of Revenues and Expenses;
2. Balance Sheet; and
3. Audited Financial Statement or Equivalent Information Acceptable to the Director.

B. Describe the fee that will be charged for an external appeal and an explanation of the methodology used to develop the fee schedule.

NOTE:

If any of the information provided in this application is considered to be exempt from disclosure pursuant to South Carolina Code of Laws Section 30-4-40, conspicuously mark it as such.

Attachment A
Biographical Affidavit
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4. Have you ever been an owner, officer, trustee, management employee or controlling stockholder of an entity which, while you occupied any such position or served in any such capacity with respect to it:

a. suffered the suspension or revocation of its certificate of authority or license to do business in any state?

YES NO

b. was denied a certificate of authority, license or contract to do business in any state?

YES NO

5. Has your medical license or any other professional license or certification ever been suspended, revoked or otherwise sanctioned?

YES NO N/A

NOTE: If "YES" to 4 or 5, attach an explanation.

6. Please list any medical malpractice actions initiated against you in the last five years.

I hereby attest to the accuracy and completeness of this biographical information and consent to any investigation by the SCDOI to verify the information, including a criminal background check.

Signature

Date

Sworn to or affirmed and subscribed before me

this _____ day of _____, 20_____

Signature of Notary

Name of Notary

Notary Public for the State of _____ My Commission Expires: _____

Attachment C

Clinical Peer Reviewer Qualifications

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Clinical Peer Reviewers/External Review
Identify specialists available for appeal considerations.

Board Specialty*	Number Board Certified Physicians
Allergy & Immunology (ABMS)	
Anesthesiology	
Cardiology	
Colon & Rectal Surgery (ABMS)	
Dermatology	
Emergency Medicine	
Family/General Practice	
Internal Medicine	
Neurological Surgery (ABMS)	
Neurology	
Obstetrics & Gynecology	
Ophthalmology	
Orthopedic Surgery	
Otolaryngology	
Pathology	
Pediatrics	
List any Pediatric Subspecialty	
Physical Medicine & Rehab. Medicine	
Plastic Surgery (ABMS)	
Podiatry	
Preventive Medicine	
Proctology (ABOS)	
Psychiatry	
Pulmonary Critical Care	
Radiology	
Special Prof./OMM (ABOS)	
Surgery	
Thoracic Surgery (ABOS)	
Urology (ABMS)	
Other (Attach separate sheet if necessary):	

* Recognized by both the American Board of Medical Specialties (ABMS) and the Advisory Board of Osteopathic Specialists (ABOS) unless otherwise indicated.

Attachment D
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South Carolina Department of Insurance
Independent Review Organization (IRO) External Review Reporting Form
(Due March 1 of each year)

Calendar year: _____

IRO Name: _____

Address: _____

Contact Person: _____

Telephone: _____ Fax: _____ E-mail: _____

Health Benefit Plan	# of Requests Received	IRO Denied	IRO Tenninated	Plan Terminated	Resolution		IRO Cases Completed	Average Resolution Time (days)*
					Upheld	Reversed		
Total								

* Number of days from receipt of case materials from carrier to notification of external review determination.

Attachment D

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Health Benefit Plan	# of Medical Necessity Reviews	# of Experimental or Investigational Treatment Reviews	Expedited		Standard	
			# of Reviews	Average Resolution Time (hours)**	# of Reviews	Average Resolution Time (days)*
Total						

* Number of days from receipt of case materials from carrier to notification of external review determination.

** Number of hours from receipt of case materials from carrier to notification of external review determination.

I, (officer of the IRO), _____ certify that the above information is a complete and accurate reflection of the requests for external review received by (IRO) _____ during the calendar year.

Signature

Name

Title

Date