



MEMORANDUM IN OPPOSITION

FOR IMMEDIATE RELEASE: MAY 28, 2015

Re: S.4783-A (DeFrancisco)/A.445-A (Gottfried) – AN ACT to amend the public health law and the insurance law, in relation to the definition of clinical peer reviewer

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The New York Health Plan Association (HPA) opposes S.4783-A/A.445-A because it adds unnecessary costs to a health plan's utilization review process without providing any benefit to the consumer.

In 1998, New York enacted landmark legislation (Chapter 586) providing health plan enrollees with access to an external appeals process for plan denials based on medical necessity or on the experimental nature of the service(s) in question. That legislation defined the type of physician (clinical peer reviewer) that would make determinations in the external appeal process. The external review physician must be of the "same or similar specialty" as the provider recommending the service in question. However, this requirement duplicated the current internal plan process. Thus, the Legislature modified the internal review process to allow plans to use licensed physicians, without regard to specialty, to make internal coverage determinations. The Legislature determined this modification was appropriate because a health plan would be fully responsible for the costs of external appeals. Thus, health plans would remain incentivized to make prudent and well-founded determinations, on internal appeals. The annual reports from the NYS Department of Financial Services shows that this decision was sound as health plan determinations undergoing an external review are upheld, in whole or in part in the external review process in more than sixty percent of the cases.

Additionally, S.4783-A/A.445-A is unwarranted because plans often contract with specialists, as required by the National Committee for Quality Assurance (NCQA). In those cases where specialized clinical judgment is necessary to make appropriate coverage determinations plan medical directors must call on outside experts. However, mandating this standard for *every* denial is overly burdensome and costly. The cost of providing this expertise will be borne by premium payers at a time when health insurance costs are already rising at two to three times the consumer price index.

Since enactment of the external review law, New York's process has been hailed as a national model for providing broad access to independent determinations for patients without significantly adding administrative costs to this process. This legislation fails to demonstrate a need to undo the Legislature's prior changes and provides no information on how the change would improve access to care for consumers.

Lastly, the sponsor states that there would be no fiscal implications for enacting this proposal. Clearly there will be added costs for added specialty physician reviews beyond that required by the NCQA. The current process has plans prevailing more than sixty percent of the time without this costly administrative requirement. For all these reasons, we urge you to vote no on S.4783-A/A.445-A.