



ANNUAL EXTERNAL REVIEW REPORT

In Accordance
with
Hawaii Revised Statutes section 432E-13

Prepared by the

INSURANCE DIVISION
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
STATE OF HAWAII

December 2002

Foreword

Hawaii Revised Statutes (HRS) section 432E-13 requires the Insurance Commissioner to submit to the legislature a report that shall contain the number of external review hearing cases reviewed, the type of cases reviewed, a summary of the nature of cases reviewed, and the disposition of the cases reviewed. Furthermore, the identities of the plan and the enrollee shall be protected from disclosure in the report.

The external review process is an important component to the Patients' Bill of Rights and Responsibilities Act, HRS chapter 432E. As such, the Insurance Division has provided a general overview of the external review statistics for fiscal year 2001-2002.

Wayne Metcalf
Insurance Commissioner

External Review Report for Fiscal Year 2001-2002

This annual report is filed pursuant to Hawaii Revised Statutes (HRS) section 432E-13, which requires the Insurance Commissioner to submit an annual report concerning external review cases to the legislature.

The Insurance Division administers the external review process under the Patients' Bill of Rights and Responsibilities Act, HRS chapter 432E (Act). The Act provides patients with a mechanism for appealing adverse decisions made by their health plans. After exhausting the health plans' internal appeals process, patients may file a petition for external review with the Insurance Commissioner. If the Commissioner finds that there is good cause for a petition, a hearing is scheduled on the petition. The Insurance Commissioner conducts hearings for cases where the amount in controversy is less than \$500. Cases in excess of \$500 are heard by a three-member panel, consisting of the Commissioner or his representative, a representative of a health plan not involved in the case, and a practicing physician. The Act also provides for expedited hearings in cases involving serious jeopardy to life or health.

For the fiscal year '01-'02, thirty (30) requests for external review were filed. Twenty-three (23) were dismissed for lack of cause, one was withdrawn, and six were heard and decided by a review panel. One case was decided in favor of the petitioner, two cases were decided in favor of the plan, another case was dismissed and two cases were remanded back to the plan's internal appeal process. Currently, one case is pending.

The nature of the cases reviewed is as follows. The majority of the requests involved denial of coverage. There were twenty-two (22) cases involving denial of coverage, and eight cases involving level of reimbursement. As the graph on the following page illustrates, there was an increase in the number of cases involving denial of coverage and level of reimbursement.

