

# THOMSON, RHODES & COWIE, P.C.

## MANAGED CARE LAW UPDATE

Volume III, Issue 4

April 2000

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### PENNSYLVANIA AGENCY ACTIONS

**PA Insurance Department's Act 68 regulations approved.** On February 17, 2000, the Independent Regulatory Review Commission (IRRC) approved the Department of Insurance's proposed managed care regulations. The new regulations implement provisions of Act 68 of 1998, the Quality Health Care Accounting and Protection Act and replace the Insurance Department's Statements of Policy that were issued in late 1998. Highlights of the new regulations include standing referrals to specialist or use of a specialist as PCP for certain chronically ill enrollees; direct access to OB/GYN services; payment of reasonably necessary costs provided during an emergency; notice to health plan by health care provider of emergency services if enrollee is admitted; continuity of care requirements for new enrollees and enrollees whose provider is terminated by the health plan; complaint process for non-medical necessity appeals, and prompt payment requirements. The final version of the approved Insurance Department regulations appear in Volume 30 of the Pennsylvania Bulletin and are available online at <http://www.pabulletin.com>.

**IRRC issues extensive comments to proposed to DOH regulation.** IRRC has submitted extensive comments to the Department of Health's proposed managed care regulations. The comments are based, in part, on legislative comments received from members of the PA General Assembly. IRRC's comments represent only a fraction of the multitude of comments the Department reportedly received in response to its proposed managed care regulations. The IRRC comments are published in Volume 30 of the Pennsylvania Bulletin and are available online at <http://www.pabulletin.com>.

**HCFA explains BBRA bonus payments.** On March 3, 2000, HCFA issued an operational policy letter (OPL) that

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addresses the implementation of the bonus provision of the Balanced Budget Refinement Act (BBRA). To encourage the introduction of Medicare+Choice organizations in under-served counties, the first plan in a county will receive a 5% bonus for the first 12 months and a 3% bonus for the second 12 months. A Medicare+Choice organization that offers two plans in an unserved county may receive a bonus for both plans if the plans are first offered on the same day. The OPL is available on-line at <http://www.hcfa.gov/medicare/op1117.htm>.

**OIG studies factors important to Medicare+Choice Beneficiaries.** A recent OIG study reports that approximately 75% of Medicare+Choice beneficiaries identify lower costs as one of the reasons for selecting an HMO over Medicare fee-for-service. Approximately one-third of the beneficiaries identified prescription drug coverage as the primary reason for rejecting Medicare FFS and 87% of beneficiaries list prescription coverage as a valued benefit. Interestingly, the study finds that prescription coverage is also the benefit least likely to meet the beneficiaries' expectations. For more results of the study, review the OIG report at <http://www.hhs.gov/progorg/oie>.

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