



DEPARTMENT OF
HEALTH AND MENTAL HYGIENE




Independent Review Organization (IRO) Process for HealthChoice Managed Care Organizations

January 26, 2015





DEPARTMENT OF
HEALTH AND MENTAL HYGIENE



Overview

The Joint Chairman's Report (JCR) examines whether to change the Department of Health and Mental Hygiene's (DHMH) current Independent Review Organization (IRO) program for Maryland's Managed Care Organizations (MCOs) to more closely mirror the appeal and grievance program administered by the Maryland Insurance Administration (MIA).

2

 DEPARTMENT OF
HEALTH AND MENTAL HYGIENE 

Differences in IRO Process: MIA v. DHMH



MIA has two components to its independent review organization process

- ✓ Appeal process to review claims that were denied payment based on not meeting medical necessity criteria by commercial carriers.
- ✓ MIA conducts market conduct investigation to make sure the carrier's current business practices are in compliance with Maryland laws and regulations.

DHMH has one component to its independent review organization process

- ✓ Appeal process to review claims that were denied payment based on not meeting medical necessity criteria by commercial carriers.
- ✓ The process is new - started April 2014.



3

 DEPARTMENT OF
HEALTH AND MENTAL HYGIENE 

There Are Additional Differences In How Each Agency Operates the IRO Process

- 1) Who initiates the appeals on medical necessity
- 2) Payment Model
- 3) Resources devoted to IRO



4

 DEPARTMENT OF HEALTH AND MENTAL HYGIENE 

Who Files An Appeal?

<p>MIA IRO</p> <ul style="list-style-type: none">• Complaints are filed by members or by providers acting on a member's behalf.	<p>DHMH IRO</p> <ul style="list-style-type: none">• Complaints are filed by providers exclusively because providers are unable to seek payment from Medicaid enrollees for services that were denied payment by MCO.
--	---



5

 DEPARTMENT OF HEALTH AND MENTAL HYGIENE 

Payment Model

<p>MIA IRO</p> <ul style="list-style-type: none">• The carrier always bears the cost of the IRO review and market conduct investigations.	<p>DHMH IRO</p> <ul style="list-style-type: none">• The party who loses the appeal must pay the cost of the medical necessity review by Maximus (\$425 per review).• DHMH operates the "loser pay approach" because it does not have authority to charge MCOs but does have sanction authority.
--	---



6

 DEPARTMENT OF
MARYLAND HEALTH AND MENTAL HYGIENE 

Staffing Resources

<p>MIA</p> <ul style="list-style-type: none"> • Six full-time employees dedicated to reviewing medical necessity appeals. • A separate unit handles the market conduct investigations - approximately seven examiners. 	<p>DHMH</p> <ul style="list-style-type: none"> • No dedicated IRO Unit, but contractor Maximus Federal conducts medical necessity appeals. • Market conduct studies are not part of the DHMH process.
---	--


7

 DEPARTMENT OF
MARYLAND HEALTH AND MENTAL HYGIENE 


Challenges in changing IRO process

- DHMH does not have the technical expertise or staffing capacity to perform market conduct investigations. DHMH also does not have the authority to charge MCOs for market conduct investigations.
- If DHMH made MCOs responsible for all IRO case review fees and the cost of market conduct investigations, DHMH will ultimately bear the direct costs of both items through the rate-setting process.
- It is difficult to estimate the annual volume of medical necessity reviews because the program just started. This makes it difficult to develop a budget estimate.

8



DEPARTMENT OF
HEALTH AND MENTAL HYGIENE




Possible Scenarios

Scenario 1: Continue to use and monitor the current system, soliciting feedback from payers and providers.


Scenario 2: Identify additional funds to: 1) remove the “loser pays” component of the current IRO process, and 2) operate a process for market conduct investigations.

Scenario 3: Implement a process for market conduct investigations and continue to use and monitor the current IRO system, while considering cost mitigation strategies.

9



DEPARTMENT OF
HEALTH AND MENTAL HYGIENE



Recommendations

- DHMH recommends pursuing Scenario 1. DHMH will continue to solicit feedback from stakeholders on the functioning of its IRO process.
- DHMH will also work with stakeholders to explore a formalized process to conduct market conduct investigations, but pursuing this option has statutory and fiscal implications.

10