

As Amended by House Committee

---

---

As Amended by Senate Committee

---

---

Session of 2008

## SENATE BILL No. 563

By Committee on Financial Institutions and Insurance

2-6

---

12 AN ACT concerning health insurance; pertaining to utilization review;  
13 amending K.S.A. 40-22a07 and repealing the existing section.

14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 40-22a07 is hereby amended to read as follows: 40-  
17 22a07. (a) (1) It is unlawful for any person or utilization review organi-  
18 zation to perform utilization review activities in this state except in ac-  
19 cordance with this act.

20 (2) No utilization review organization nor any individual performing  
21 utilization review activities may agree to be compensated or receive com-  
22 pensation which is contingent in any way upon frequency of certification  
23 denials, costs avoided by denial or reduction in payment of claims or other  
24 results which may be adverse to the needs of the patient as determined  
25 by the attending health care provider.

26 (3) (A) *A utilization review organization may establish reasonable*  
27 *prior notification requirements for inpatient and outpatient hospi-*  
28 *tal admissions. A utilization review organization shall not require*  
29 *notification of admission prior to sooner than the next business day after*  
30 *any inpatient admission occurring on a weekend or holiday or any*  
31 *urgent or emergent inpatient or outpatient admission regardless of*  
32 *when the patient presents to the health care facility for services.*

33 (B) *For the purposes of this paragraph, a patient that is unstable or*  
34 *uncommunicative shall not be deemed to have presented to a health care*  
35 *facility until the patient is able to provide insurance information and the*  
36 *health care facility is permitted under state and federal law to inquire*  
37 *about insurance coverage.*

38 (b) *A utilization review organization may not reduce or deny*  
39 *payment to a provider for such provider's failure to comply with*  
40 *any utilization review organization's policy that conflicts with this*  
41 *act or any rules and regulations adopted pursuant to K.S.A. 40-*  
42 *22a11 and amendments thereto.*

43 (c) When the commissioner has reason to believe a utilization review

1 organization subject to this act has been or is engaged in any conduct  
2 which violates this act or any rules and regulations adopted pursuant to  
3 K.S.A. 40-22a11, the commissioner, after a hearing conducted in accord-  
4 ance with the Kansas administrative procedure act, may:  
5 (1) Issue and cause to be served upon the utilization review organi-  
6 zation an order requiring such organization to cease and desist from en-  
7 gaging in such violations;  
8 (2) suspend or revoke the utilization review organization's certificate  
9 to perform utilization review affecting residents of this state;  
10 (3) assess a monetary penalty of not less than \$500 and not more than  
11 \$1,000 for each violation; or  
12 (4) apply any combination of the above provisions as the commis-  
13 sioner, by written order, deems appropriate.  
14 Sec. 2. K.S.A. 40-22a07 is hereby repealed.  
15 Sec. 3. This act shall take effect and be in force from and after its  
16 publication in the statute book.