

**NEW YORK STATE  
DEPARTMENT OF HEALTH**

**NEW YORK STATE  
PUBLIC HEALTH LAW**

**Current through 2013 Chapters 1 – 383**

***ARTICLE 49***

**UTILIZATION REVIEW AND EXTERNAL APPEAL**

**Title I. Certification of agents and utilization review process (Secs.4900-4908).**

**Title II. Right to external appeal (Secs. 4910-4917).**

*The information contained in this document is not the official version of the New York State Public Health Law. No representation is made as to its accuracy. To ensure accuracy and for evidentiary purposes, reference should be made to the official version available on the [New York State Legislature Web site](#), Click on the link for "Laws of New York" and then the link for "PBH Public Health".*

Printed October 2013

## **Table of Contents**

### **TITLE I**

#### **CERTIFICATION OF AGENTS AND UTILIZATION REVIEW PROCESS**

<b>SECTION</b>	<b>TITLE</b>	<b>PAGE</b>
4900	Definitions	1
4901	Registration of utilization review agents	9
4902	Utilization review program standards	11
4903	Utilization review determinations	13
4904	Appeal of adverse determinations by utilization review agents	15
4905	Required and prohibited practices	16
4906	Waiver	19
4907	Rights and remedies	19
4908	Applicability to ERISA Plans	19

### **TITLE II**

#### **RIGHT TO EXTERNAL APPEAL**

<b>SECTION</b>	<b>TITLE</b>	<b>PAGE</b>
4910	Right to external appeal established	20
4911	Powers of the commissioner	22
4912	Standards for certification	23
4913	Conflict of interest	26
4914	Procedures for external appeals of adverse determinations	26
4915	Prohibited practices	32
4916	Oversight and surveillance of the external appeal process	32
4917	Hold harmless	32

**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

**TITLE I**

**CERTIFICATION OF AGENTS AND UTILIZATION REVIEW PROCESS**

**§ 4900. Definitions.**

For purposes of this article:

1. "Adverse determination" means a determination by a utilization review agent that an admission, extension of stay, or other health care service, upon review based on the information provided, is not medically necessary.
2. "Clinical peer reviewer" means:
  - (a) for purposes of title one of this article:
    - (i) a physician who possesses a current and valid non-restricted license to practice medicine; or
    - (ii) a health care professional other than a licensed physician who:
      - (A) where applicable, possesses a current and valid non-restricted license, certificate or registration or, where no provision for a license, certificate or registration exists, is credentialed by the national accrediting body appropriate to the profession; and
      - (B) is in the same profession and same or similar specialty as the health care provider who typically manages the medical condition or disease or provides the health care service or treatment under review; and
  - (b) for purposes of title two of this article:
    - (i) a physician who:
      - (A) possesses a current and valid non-restricted license to practice medicine;
      - (B) where applicable, is board certified or board eligible in the same or similar specialty as the health care provider who typically manages the medical condition or disease or provides the health care service or treatment under appeal;
      - (C) has been practicing in such area of specialty for a period of at least five years; and

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

(D) is knowledgeable about the health care service or treatment under appeal;  
or

(ii) a health care professional other than a licensed physician who:

(A) where applicable, possesses a current and valid non-restricted license, certificate or registration;

(B) where applicable, is credentialed by the national accrediting body appropriate to the profession in the same profession and same or similar specialty as the health care provider who typically manages the medical condition or disease or provides the health care service or treatment under appeal;

(C) has been practicing in such area of specialty for a period of at least five years;

(D) is knowledgeable about the health care service or treatment under appeal; and

(E) where applicable to such health care professional's scope of practice, is clinically supported by a physician who possesses a current and valid non-restricted license to practice medicine.

(c) Nothing herein shall be construed to change any statutorily-defined scope of practice.

2-a. "Clinical standards" means those guidelines and standards set forth in the utilization review plan by the utilization review agent whose adverse determination is under appeal.

2-b. "Clinical trial" means a peer-reviewed study plan which has been

(a) reviewed and approved by a qualified institutional review board, and

(b) approved by one of the National Institutes of Health (NIH), or an NIH cooperative group or an NIH center, or the Food and Drug Administration in the form of an investigational new drug exemption, or the federal Department of Veteran Affairs, or a qualified nongovernmental research entity as identified in guidelines issued by individual NIH Institutes for center support grants, or an institutional review board of a facility which has a multiple project assurance approved by the Office of Protection from Research Risks of the National Institutes of Health. As used in this subdivision, the term "cooperative groups" means formal networks of facilities that collaborate on research projects and have established NIH-approved

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

peer review programs operating within their groups; and that include, but are not limited to, the National Cancer Institute (NCI) Clinical Cooperative Groups, the NCI Community Clinical Oncology Program (CCOP), the AIDS Clinical Trials Groups (ACTG), and the Community Programs for Clinical Research in AIDS (CPCRA).

2-c. "Disabling condition or disease" means a condition or disease which, according to the current diagnosis of the enrollee's attending physician, is consistent with the definition of "disabled person" pursuant to subdivision five of section two hundred eight of the social services law.

3. "Emergency condition" means a medical or behavioral condition, that manifests itself by acute symptoms of sufficient severity, including severe pain, such that a prudent layperson, possessing an average knowledge of medicine and health, could reasonably expect the absence of immediate medical attention to result in

(a) placing the health of the person afflicted with such condition in serious jeopardy, or in the case of a behavioral condition, placing the health of such person or others in serious jeopardy;

(b) serious impairment to such person's bodily functions;

(c) serious dysfunction of any bodily organ or part of such person;

(d) serious disfigurement of such person; or

(e) a condition described in clause (i), (ii) or (iii) of section 1867 (e) (1) (A) of the Social Security Act.

\*NB effective date July 20, 2011, or on renewal date of insurance policy if renewed between July 20, 2011 and September 23, 2011.

4. "Enrollee" means a person subject to utilization review.

4-a. "Experimental and investigational treatment review plan" means:

(a) a description of the process for developing the written clinical review criteria used in rendering an experimental and investigational treatment review determination; and

(b) a description of the qualifications and experience of the clinical peers who developed the criteria, who are responsible for periodic evaluation of the criteria, and who use the written clinical review criteria in the process of reviewing proposed experimental and investigational health services and procedures.

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- 4-b. "External appeal" means an appeal conducted by an external appeal agent in accordance with the provisions of section forty-nine hundred fourteen of this article.
- 4-c. "External appeal agent" means an entity certified by the commissioner pursuant to section forty-nine hundred eleven of this article.
- 4-d. "Final adverse determination" means an adverse determination which has been upheld by a utilization review agent with respect to a proposed health care service following a standard appeal, or an expedited appeal where applicable, pursuant to section forty-nine hundred four of this title.
- 4-e. "Health care plan" means any organization certified under article forty-four of this chapter.
5. (a) For purposes of this title and for appeals requested pursuant to paragraph (a) of subdivision two of section forty-nine hundred ten of title two of this article, "health care service" means:
- (i) health care procedures, treatments or services
    - (A) provided by a facility licensed pursuant to article twenty-eight, thirty-six, forty-four or forty-seven of this chapter or pursuant to article nineteen, twenty-three , thirty-one or thirty-two of the mental hygiene law; or
    - (B) provided by a health care professional; and
  - (ii) the provision of pharmaceutical products or services or durable medical equipment.
- (b) For purposes of appeals requested pursuant to paragraph (b) of subdivision two of section forty-nine hundred ten of title two of this article, "health care services" shall mean experimental or investigational procedures, treatments or services, including:
- (A) services provided within a clinical trial, and
  - (B) the provision of a pharmaceutical product pursuant to prescription by the enrollee's attending physician for a use other than those uses for which such pharmaceutical product has been approved for marketing by the federal Food and Drug Administration; to the extent that coverage for such services are prohibited by law from being excluded under the plan. Provided that nothing in this subdivision shall be construed to define what are covered services pursuant to a subscriber contract or governmental health benefit program.

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

6. "Health care professional" means an appropriately licensed, registered or certified health care professional pursuant to title eight of the education law or a health care professional comparably licensed, registered or certified by another state.
7. "Health care provider" means a health care professional or a facility licensed pursuant to articles twenty-eight, thirty-six, forty-four or forty-seven of this chapter or a facility licensed pursuant to article nineteen, twenty-three, thirty-one or thirty-two of the mental hygiene law.
- 7-a. "Life-threatening condition or disease" means a condition or disease which, according to the current diagnosis of the enrollee's attending physician, has a high probability of causing the enrollee's death.
- 7-b. "Material familial affiliation" means any relationship as a spouse, child, parent, sibling, spouse's parent, spouse's child, child's parent, child's spouse, or sibling's spouse.
- 7-c. "Material financial affiliation" means any financial interest of more than five percent of total annual revenue or total annual income of an external appeal agent or officer, director, or management employee thereof; or clinical peer reviewer employed or engaged thereby to conduct any external appeal. The term "material financial affiliation" shall not include revenue received from a health care plan by
- (a) an external appeal agent to conduct an external appeal pursuant to section forty-nine hundred fourteen of title two of this article, or
  - (b) a clinical peer reviewer for health services rendered to enrollees.
- 7-d. "Material professional affiliation" means any physician-patient relationship, any partnership or employment relationship, a shareholder or similar ownership interest in a professional corporation, or any independent contractor arrangement that constitutes a material financial affiliation with any expert or any officer or director of the independent organization.
- 7-e. "Medical and scientific evidence" means the following sources:
- (a) peer-reviewed scientific studies published in, or accepted for publication by, medical journals that meet nationally recognized requirements for scientific manuscripts and that submit most of their published articles for review by experts who are not part of the editorial staff;
  - (b) peer-reviewed medical literature, including literature relating to therapies reviewed and approved by a qualified institutional review board, biomedical compendia and other medical literature that meet the criteria of the National Institute of Health's National Library of Medicine for indexing in Index Medicus, Excerpta Medicus,

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

Medline and MEDLARS database Health Services Technology Assessment Research;

- (c) peer-reviewed abstracts accepted for presentation at major medical association meetings;
- (d) peer-reviewed literature shall not include publications or supplements to publications sponsored to a significant extent by a pharmaceutical manufacturing company or medical device manufacturer;
- (e) medical journals recognized by the secretary of Health and Human Services, under section 1861 (t)(2) of the federal Social Security Act;
- (f) the following standard reference compendia:
  - (i) the American Hospital Formulary Service - Drug Information;
  - (ii) the American Medical Association Drug Evaluation;
  - (iii) the American Dental Association Accepted Dental Therapeutics; and
  - (iv) the United States Pharmacopeia - Drug Information;
- (g) findings, studies, or research conducted by or under the auspices of federal government agencies and nationally recognized federal research institutes including the federal Agency for Health Care Policy and Research, National Institutes of Health, National Cancer Institute, National Academy of Sciences, Health Care Financing Administration, Congressional Office of Technology Assessment, and any national board recognized by the National Institutes of Health for the purpose of evaluating the medical value of health services.

7-f. "Out-of-network denial" means a denial of a request for pre-authorization to receive a particular health service from an out-of-network provider on the basis that such out-of-network health service is not materially different than the health service available in-network. The notice of an out-of-network denial provided to an enrollee shall include information explaining what information the enrollee must submit in order to appeal the out-of-network denial pursuant to subdivision one-a of section four thousand nine hundred four of this article. An out-of-network denial under this subdivision does not constitute an adverse determination as defined in this article. Notwithstanding any other provision of this subdivision, an out-of-network denial shall not be construed to include a denial for a referral to an out-of-network provider on the basis that a health care provider is available in-network to provide the particular health service requested by the enrollee.



**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

7-g. "Rare disease" means a condition or disease that (1)(A) is currently or has been subject to a research study by the National Institutes of Health Rare Diseases Clinical Research Network or (B) affects fewer than two hundred thousand United States residents per year, and (2) for which there does not exist a standard health service or procedure covered by the health care plan that is more clinically beneficial than the requested health service or treatment. A physician, other than the enrollee's treating physician, shall certify in writing that the condition is a rare disease as defined in this subsection. The certifying physician shall be a licensed, board-certified or board-eligible physician who specializes in the area of practice appropriate to treat the enrollee's rare disease. The certification shall provide either: (1) that the insured's rare disease is currently or has been subject to a research study by the National Institutes of Health Rare Diseases Clinical Research Network; or (2) that the insured's rare disease affects fewer than two hundred thousand United States residents per year. The certification shall rely on medical and scientific evidence to support the requested health service or procedure, if such evidence exists, and shall include a statement that, based on the physician's credible experience, there is no standard treatment that is likely to be more clinically beneficial to the enrollee than the requested health service or procedure and the requested health service or procedure is likely to benefit the enrollee in the treatment of the enrollee's rare disease and that such benefit to the enrollee outweighs the risks of such health service or procedure. The certifying physician shall disclose any material financial or professional relationship with the provider of the requested health service or procedure as part of the application for external appeal of denial of a rare disease treatment. If the provision of the requested health service or procedure at a health care facility requires prior approval of an institutional review board, an enrollee or enrollee's designee shall also submit such approval as part of the external appeal application.

\*NB effective date January 1, 2012

8. "Utilization review" means the review to determine whether health care services that have been provided, are being provided or are proposed to be provided to a patient, whether undertaken prior to, concurrent with or subsequent to the delivery of such services are medically necessary. For the purposes of this article none of the following shall be considered utilization review:
- (a) Denials based on failure to obtain health care services from a designated or approved health care provider as required under a subscriber's contract;
  - (b) Where any determination is rendered pursuant to subdivision three-a of section twenty-eight hundred seven-c of this chapter;
  - (c) The review of the appropriateness of the application of a particular coding to a patient, including the assignment of diagnosis and procedure;

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- (d) Any issues relating to the determination of the amount or extent of payment other than determinations to deny payment based on an adverse determination; and
  - (e) Any determination of any coverage issues other than whether health care services are or were medically necessary.
9. "Utilization review agent" means any company, organization or other entity performing utilization review, except:
- (a) an agency of the federal government;
  - (b) an agent acting on behalf of the federal government, but only to the extent that the agent is providing services to the federal government;
  - (c) an agent acting on behalf of the state and local government for services provided pursuant to title XIX of the federal social security act;
  - (d) a hospital's internal quality assurance program except if associated with a health care financing mechanism; or
  - (e) any insurer subject to article thirty-two or forty-three of the insurance law and any independent utilization review agent performing utilization review under a contract with such insurer, which shall be subject to article forty-nine of the insurance law.
10. "Utilization review plan" means:
- (a) a description of the process for developing the written clinical review criteria;
  - (b) a description of the types of written clinical information which the plan might consider in its clinical review, including but not limited to, a set of specific written clinical review criteria;
  - (c) a description of practice guidelines and standards used by a utilization review agent in carrying out a determination of medical necessity;
  - (d) the procedures for scheduled review and evaluation of the written clinical review criteria; and
  - (e) a description of the qualifications and experience of the health care professionals who developed the criteria, who are responsible for periodic evaluation of the criteria and of the health care professionals or others who use the written clinical review criteria in the process of utilization review.

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

**§ 4901. Registration of utilization review agents.**

1. Every utilization review agent who conducts the practice of utilization review shall biennially register with the commissioner and report, in a statement subscribed and affirmed as true under the penalties of perjury, the information required pursuant to subdivision two of this section.
2. Such report shall contain a description of the following:
  - (a) The utilization review plan;
  - (b) Those circumstances, if any, under which utilization review may be delegated to a utilization review program conducted by a facility licensed pursuant to article twenty-eight of this chapter or pursuant to article thirty-one of the mental hygiene law;
  - (c) The provisions by which an enrollee, the enrollee's designee, or a health care provider may seek reconsideration of, or appeal from, adverse determinations by the utilization review agent, in accordance with the provisions of this title, including provisions to ensure a timely appeal and that an enrollee, the enrollee's designee, and, in the case of an adverse determination involving a retrospective determination, the enrollee's health care provider, is informed of their right to appeal adverse determinations;
  - (d) Procedures by which a decision on a request for utilization review for services requiring preauthorization shall comply with timeframes established pursuant to this title;
  - (e) A description of an emergency care policy, which shall include the procedures under which an emergency admission shall be made or emergency treatment shall be given;
  - (f) A description of the personnel utilized to conduct utilization review including a description of the circumstances under which utilization review may be conducted by:
    - (i) administrative personnel,
    - (ii) health care professionals who are not clinical peer reviewers, and
    - (iii) clinical peer reviewers;
  - (g) A description of the mechanisms employed to assure that administrative personnel are trained in the principles and procedures of intake screening and data collection

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

and are appropriately monitored by a licensed health care professional while performing an administrative review;

- (h) A description of the mechanisms employed to assure that health care professionals conducting utilization review are:
  - (i) appropriately licensed, registered or certified; and
  - (ii) trained in the principles, procedures and standards of such utilization review agent;
- (i) A description of the mechanisms employed to assure that only a clinical peer reviewer shall render an adverse determination;
- (j) Provisions to ensure that appropriate personnel of the utilization review agent are reasonably accessible by toll-free telephone:
  - (i) not less than forty hours per week during normal business hours, to discuss patient care and allow response to telephone requests, and to ensure that such utilization review agent has a telephone system capable of accepting, recording or providing instruction to incoming telephone calls during other than normal business hours and to ensure response to accepted or recorded messages not later than the next business day after the date on which the call was received; or
  - (ii) notwithstanding the provisions of subparagraph (i) of this paragraph, not less than forty hours per week during normal business hours, to discuss patient care and allow response to telephone requests, and to ensure that, in the case of a request submitted pursuant to subdivision three of section forty-nine hundred three of this title or an expedited appeal filed pursuant to subdivision two of section forty- nine hundred four of this title, on a twenty-four hour a day, seven day a week basis;
- (k) The policies and procedures to ensure that all applicable state and federal laws to protect the confidentiality of individual medical and treatment records are followed;
- (l) A copy of the materials to be disclosed to an enrollee or prospective enrollee pursuant to this title and section forty-four hundred eight of this chapter;
- (m) A description of the mechanisms employed by the utilization review agent to assure that all contractors, subcontractors, subvendors, agents and employees affiliated by contract or otherwise with such utilization review agent will adhere to the standards and requirements of this title; and

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- (n) A list of the payors for which the utilization review agent is performing utilization review in this state.
3. Upon receipt of the report, the commissioner shall issue an acknowledgment of the filing.
  4. A registration issued under this title shall be valid for a period of not more than two years, and may be renewed for additional periods of not more than two years each.
  5. A health maintenance organization licensed pursuant to article forty-three of the insurance law or certified under article forty-four of this chapter shall not be required to register as a utilization review agent, provided that such health maintenance organization has otherwise provided the information required pursuant to subdivision two of this section to the commissioner.
  6. The clinical review criteria and standards contained within the utilization review plan and the list of payors required pursuant to paragraph (n) of subdivision two of this section shall not be subject to disclosure pursuant to the provisions of article six of the public officers law.

**§ 4902. Utilization review program standards.**

1. Each utilization review agent shall adhere to utilization review program standards consistent with the provisions of this title which shall, at a minimum, include:
  - (a) Appointment of a medical director, who is a licensed physician; provided, however, that the utilization review agent may appoint a clinical director when the utilization review performed is for a discrete category of health care service and provided further that the clinical director is a licensed health care professional who typically manages the category of service. Responsibilities of the medical director, or, where appropriate, the clinical director, shall include, but not be limited to, the supervision and oversight of the utilization review process;
  - (b) Development of written policies and procedures that govern all aspects of the utilization review process and a requirement that a utilization review agent shall maintain and make available to enrollees and health care providers a written description of such procedures including procedures to appeal an adverse determination together with a description, jointly promulgated by the commissioner and the superintendent of financial services as required pursuant to subdivision five of section forty-nine hundred fourteen of this article, of the external appeal process established pursuant to title two of this article and the time frames for such appeals;
  - (c) Utilization of written clinical review criteria developed pursuant to a utilization review plan;

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- (d) Establishment of a process for rendering utilization review determinations which shall, at a minimum, include: written procedures to assure that utilization reviews and determinations are conducted within the timeframes established herein; procedures to notify an enrollee, an enrollee's designee and/or an enrollee's health care provider of adverse determinations; and procedures for appeal of adverse determinations including the establishment of an expedited appeals process for denials of continued inpatient care or where there is imminent or serious threat to the health of the enrollee;
- (e) Establishment of a written procedure to assure that the notice of an adverse determination includes:
  - (i) the reasons for the determination including the clinical rationale, if any;
  - (ii) instructions on how to initiate standard and expedited appeals pursuant to section forty-nine hundred four and an external appeal pursuant to section forty-nine hundred fourteen of this article; and
  - (iii) notice of the availability, upon request of the enrollee or the enrollee's designee, of the clinical review criteria relied upon to make such determination;
- (f) Establishment of a requirement that appropriate personnel of the utilization review agent are reasonably accessible by toll-free telephone:
  - (i) not less than forty hours per week during normal business hours to discuss patient care and allow response to telephone requests, and to ensure that such utilization review agent has a telephone system capable of accepting, recording or providing instruction to incoming telephone calls during other than normal business hours and to ensure response to accepted or recorded messages not less than one business day after the date on which the call was received; or
  - (ii) notwithstanding the provisions of subparagraph (i) of this paragraph, not less than forty hours per week during normal business hours, to discuss patient care and allow response to telephone requests, and to ensure that, in the case of a request submitted pursuant to subdivision three of section forty-nine hundred three of this title or an expedited appeal filed pursuant to subdivision two of section forty-nine hundred four of this title, on a twenty-four hour a day, seven day a week basis;
- (g) Establishment of appropriate policies and procedures to ensure that all applicable state and federal laws to protect the confidentiality of individual medical records are followed;

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- (h) Establishment of a requirement that emergency services rendered to an enrollee shall not be subject to prior authorization nor shall reimbursement for such services be denied on retrospective review; provided, however, that such services are medically necessary to stabilize or treat an emergency condition.
- 2. Each utilization review agent shall assure adherence to the requirements stated in subdivision one of this section by all contractors, subcontractors, subvendors, agents and employees affiliated by contract or otherwise with such utilization review agent.

**§ 4903. Utilization review determinations.**

- 1. Utilization review shall be conducted by:
  - (a) Administrative personnel trained in the principles and procedures of intake screening and data collection, provided, however, that administrative personnel shall only perform intake screening, data collection and non-clinical review functions and shall be supervised by a licensed health care professional;
  - (b) A health care professional who is appropriately trained in the principles, procedures and standards of such utilization review agent; provided, however, that a health care professional who is not a clinical peer reviewer may not render an adverse determination; and
  - (c) A clinical peer reviewer where the review involves an adverse determination.
- 2. A utilization review agent shall make a utilization review determination involving health care services which require pre-authorization and provide notice of a determination to the enrollee or enrollee's designee and the enrollee's health care provider by telephone and in writing within three business days of receipt of the necessary information.
- 3. A utilization review agent shall make a determination involving continued or extended health care services, additional services for an enrollee undergoing a course of continued treatment prescribed by a health care provider, or home health care services following an inpatient hospital admission, and shall provide notice of such determination to the enrollee or the enrollee's designee, which may be satisfied by notice to the enrollee's health care provider, by telephone and in writing within one business day of receipt of the necessary information except, with respect to home health care services following an inpatient hospital admission, within seventy-two hours of receipt of the necessary information when the day subsequent to the request falls on a weekend or holiday. Notification of continued or extended services shall include the number of extended services approved, the new total of approved services, the date of onset of services and the next review date. Provided that a request for home health care services and all necessary information is submitted to

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

the utilization review agent prior to discharge from an inpatient hospital admission pursuant to this subdivision, a utilization review agent shall not deny, on the basis of medical necessity or lack of prior authorization, coverage for home health care services while a determination by the utilization review agent is pending.

\*NB effective January 1, 2010

4. A utilization review agent shall make a utilization review determination involving health care services which have been delivered within thirty days of receipt of the necessary information.
5. Notice of an adverse determination made by a utilization review agent shall be in writing and must include:
  - (a) the reasons for the determination including the clinical rationale, if any;
  - (b) instructions on how to initiate standard and expedited appeals pursuant to section forty-nine hundred four and an external appeal pursuant to section forty-nine hundred fourteen of this article; and
  - (c) notice of the availability, upon request of the enrollee, or the enrollee's designee, of the clinical review criteria relied upon to make such determination. Such notice shall also specify what, if any, additional necessary information must be provided to, or obtained by, the utilization review agent in order to render a decision on the appeal.
6. In the event that a utilization review agent renders an adverse determination without attempting to discuss such matter with the enrollee's health care provider who specifically recommended the health care service, procedure or treatment under review, such health care provider shall have the opportunity to request a reconsideration of the adverse determination. Except in cases of retrospective reviews, such reconsideration shall occur within one business day of receipt of the request and shall be conducted by the enrollee's health care provider and the clinical peer reviewer making the initial determination or a designated clinical peer reviewer if the original clinical peer reviewer cannot be available. In the event that the adverse determination is upheld after reconsideration, the utilization review agent shall provide notice as required pursuant to subdivision five of this section. Nothing in this section shall preclude the enrollee from initiating an appeal from an adverse determination.
7. Failure by the utilization review agent to make a determination within the time periods prescribed in this section shall be deemed to be an adverse determination subject to appeal pursuant to section forty nine hundred four of this title.



**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

**§ 4904. Appeal of adverse determinations by utilization review agents.**

1. An enrollee, the enrollee's designee and, in connection with retrospective adverse determinations, an enrollee's health care provider, may appeal an adverse determination rendered by a utilization review agent.
  - 1-a. An enrollee or the enrollee's designee may appeal an out-of-network denial by a health care plan by submitting:
    - (a) a written statement from the enrollee's attending physician, who must be a licensed, board certified or board eligible physician qualified to practice in the specialty area of practice appropriate to treat the enrollee for the health service sought, that the requested out-of-network health service is materially different from the health service the health care plan approved to treat the insured's health care needs; and
    - (b) two documents from the available medical and scientific evidence that the out-of-network health service is likely to be more clinically beneficial to the enrollee than the alternate recommended in-network health service and for which the adverse risk of the requested health service would likely not be substantially increased over the in-network health service.
2. A utilization review agent shall establish an expedited appeal process for appeal of an adverse determination involving:
  - (a) continued or extended health care services, procedures or treatments or additional services for an enrollee undergoing a course of continued treatment prescribed by a health care provider; home health care services following discharge from an inpatient hospital admission pursuant to subdivision three of section forty-nine hundred three of this article; \*NB effective January 1, 2010 or
  - (b) an adverse determination in which the health care provider believes an immediate appeal is warranted except any retrospective determination. Such process shall include mechanisms which facilitate resolution of the appeal including but not limited to the sharing of information from the enrollee's health care provider and the utilization review agent by telephonic means or by facsimile. The utilization review agent shall provide reasonable access to its clinical peer reviewer within one business day of receiving notice of the taking of an expedited appeal. Expedited appeals shall be determined within two business days of receipt of necessary information to conduct such appeal. Expedited appeals which do not result in a resolution satisfactory to the appealing party may be further appealed through the

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

standard appeal process, or through the external appeal process pursuant to section forty-nine hundred fourteen of this article as applicable.

3. A utilization review agent shall establish a standard appeal process which includes procedures for appeals to be filed in writing or by telephone. A utilization review agent must establish a period of no less than forty-five days after receipt of notification by the enrollee of the initial utilization review determination and receipt of all necessary information to file the appeal from said determination. The utilization review agent must provide written acknowledgment of the filing of the appeal to the appealing party within fifteen days of such filing and shall make a determination with regard to the appeal within sixty days of the receipt of necessary information to conduct the appeal. The utilization review agent shall notify the enrollee, the enrollee's designee and, where appropriate, the enrollee's health care provider, in writing, of the appeal determination within two business days of the rendering of such determination. The notice of the appeal determination shall include:
  - (a) the reasons for the determination; provided, however, that where the adverse determination is upheld on appeal, the notice shall include the clinical rationale for such determination; and
  - (b) a notice of the enrollee's right to an external appeal together with a description, jointly promulgated by the commissioner and the superintendent of financial services as required pursuant to subdivision five of section forty-nine hundred fourteen of this article, of the external appeal process established pursuant to title two of this article and the time frames for such external appeals.
4. Both expedited and standard appeals shall only be conducted by clinical peer reviewers, provided that any such appeal shall be reviewed by a clinical peer reviewer other than the clinical peer reviewer who rendered the adverse determination.
5. Failure by the utilization review agent to make a determination within the applicable time periods in this section shall be deemed to be a reversal of the utilization review agent's adverse determination.

**§ 4905. Required and prohibited practices.**

1. Each utilization review agent shall have written procedures for assuring that patient-specific information obtained during the process of utilization review will be:
    - (a) kept confidential in accordance with applicable state and federal laws; and
    - (b) shared only with the enrollee, the enrollee's designee, the enrollee's health care provider and those who are authorized by law to receive such information.
-

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

2. Summary data shall not be considered confidential if it does not provide information to allow identification of individual patients.
3. Any health care professional who makes determinations regarding the medical necessity of health care services during the course of utilization review shall be appropriately licensed, registered or certified.
4. A utilization review agent shall not, with respect to utilization review activities, permit or provide compensation or anything of value to its employees, agents, or contractors based on:
  - (a) either a percentage of the amount by which a claim is reduced for payment or the number of claims or the cost of services for which the person has denied authorization or payment; or
  - (b) any other method that encourages the rendering of an adverse determination.
5. If a health care service has been specifically pre-authorized or approved for an enrollee by a utilization review agent, a utilization review agent shall not pursuant to retrospective review revise or modify the specific standards, criteria or procedures used for the utilization review for procedures, treatment and services delivered to the enrollee, during the same course of treatment.
6. Utilization review shall not be conducted more frequently than is reasonably required to assess whether the health care services under review are medically necessary.
7. When making prospective, concurrent and retrospective determinations, utilization review agents shall collect only such information as is necessary to make such determination and shall not routinely require health care providers to numerically code diagnoses or procedures to be considered for certification or routinely request copies of medical records of all patients reviewed. During prospective or concurrent review, copies of medical records shall only be required when necessary to verify that the health care services subject to such review are medically necessary. In such cases, only the necessary or relevant sections of the medical record shall be required. A utilization review agent may request copies of partial or complete medical records retrospectively. This subdivision shall not apply to health maintenance organizations licensed pursuant to article forty-three of the insurance law or certified pursuant to article forty-four of this chapter.
8. In no event shall information be obtained from the health care providers for the use of the utilization review agent by persons other than health care professionals, medical record technologists or administrative personnel who have received appropriate training.

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

9. The utilization review agent shall not undertake utilization review at the site of the provision of health care services unless the utilization review agent:
  - (a) Identifies himself or herself by name and the name of his or her organization, including displaying photographic identification which includes the name of the utilization review agent and clearly identifies the individual as representative of the utilization review agent;
  - (b) Whenever possible, schedules review at least one business day in advance with the appropriate health care provider;
  - (c) If requested by a health care provider, assures that the on-site review staff register with the appropriate contact person, if available, prior to requesting any clinical information or assistance from the health care provider;
  - (d) Obtains consent from the enrollee or the enrollee's designee before interviewing the patient's family, or observing any health care service being provided to the enrollee; and
  - (e) This subdivision shall not apply to health care professionals engaged in providing care, case management or making on-site discharge decisions.
10. A utilization review agent shall not base an adverse determination on a refusal to consent to observing any health care service.
11. A utilization review agent shall not base an adverse determination on lack of reasonable access to a health care provider's medical or treatment records unless the utilization review agent has provided reasonable notice to the enrollee, the enrollee's designee or the enrollee's health care provider, in which case the enrollee must be notified, and has complied with all provisions of subdivision nine of this section.
12. Neither the utilization review agent nor the entity for which the agent provides utilization review shall take any action with respect to a patient or a health care provider that is intended to penalize such enrollee, the enrollee's designee, or the enrollee's health care provider for, or to discourage such enrollee, the enrollee's designee, or the enrollee's health care provider from undertaking an appeal, dispute resolution or judicial review of an adverse determination.
13. In no event shall an enrollee, an enrollee's designee, an enrollee's health care provider, any other health care provider, or any other person or entity be required to inform or contact the utilization review agent prior to the provision of emergency care, including emergency treatment or emergency admission.
14. No contract or agreement between a utilization review agent and a health care provider shall contain any clause purporting to transfer to the health care provider by

**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

indemnification or otherwise any liability relating to activities, actions or omissions of the utilization review agent as opposed to the health care provider.

15. A health care professional providing health care services to an enrollee shall be prohibited from serving as the clinical peer reviewer for such enrollee in connection with the health care services being provided to the enrollee.

**§ 4906. Waiver.**

1. Any agreement which purports to waive, limit, disclaim, or in any way diminish the rights set forth in this article, except as provided pursuant to section four thousand nine hundred ten of this article shall be void as contrary to public policy.
2. Notwithstanding subdivision one of this section, in lieu of the external appeal process as set forth in this article, a health care plan and a facility licensed pursuant to article twenty-eight of this chapter may agree to an alternative dispute resolution mechanism to resolve disputes otherwise subject to this article. \*NB January 1, 2010

**§ 4907. Rights and remedies.**

The rights and remedies conferred in this article upon enrollees and health care providers shall be cumulative and in addition to and not in lieu of any other rights or remedies available under law.

**§ 4908. Applicability to ERISA Plans.**

Notwithstanding the foregoing, the provisions of this article shall not apply to any utilization review conducted by, or on behalf of, a self-insured employee welfare benefit plan, as defined in the employee retirement income security act of 1974, as amended.

**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

**TITLE II  
RIGHT TO EXTERNAL APPEAL**

**§ 4910. Right to external appeal established.**

1. There is hereby established an enrollee's right to an external appeal of a final adverse determination by a health care plan.
2. An enrollee, the enrollee's designee and, in connection with concurrent and retrospective adverse determinations, an enrollee's health care provider, shall have the right to request an external appeal when:
  - (a) (i) the enrollee has had coverage of a health care service, which would otherwise be a covered benefit under a subscriber contract or governmental health benefit program, denied on appeal, in whole or in part, pursuant to title one of this article on the grounds that such health care plan's service does not meet the health care plan's requirements for medical necessity, appropriateness, health care setting, level of care, or effectiveness of a covered benefit, and  
\*NB effective date January 1, 2012
  - (ii) the health care plan has rendered a final adverse determination with respect to such health care service or both the plan and the enrollee have jointly agreed to waive any internal appeal, or the enrollee is deemed to have exhausted or is not required to complete any internal appeal pursuant to section 2719 of the Public Health Service Act, 42 U.S.C. § 300gg-19; or  
\*NB effective date January 1, 2012
- (b) (i) the enrollee has had coverage of a health care service denied on the basis that such service is experimental or investigational, and such denial has been upheld on appeal under title one of this article, or both the plan and the enrollee have jointly agreed to waive any internal appeal, or the enrollee is deemed to have exhausted or is not required to complete any internal appeal pursuant to section 2719 of the Federal Public Health Service Act, 42 U.S.C. § 300gg-19; and
- (ii) the enrollee's attending physician has certified that the enrollee has a condition or disease
  - (a) for which standard health services or procedures have been ineffective or would be medically inappropriate, or
  - (b) for which there does not exist a more beneficial standard health service or procedure covered by the health care plan, or

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- (c) for which there exists a clinical trial or rare disease treatment, and
  - (iii) the enrollee's attending physician, who must be a licensed, board-certified or board-eligible physician qualified to practice in the area of practice appropriate to treat the enrollee's condition or disease, must have recommended either
    - (a) a health service or procedure (including a pharmaceutical product within the meaning of subparagraph (B) of paragraph (b) of subdivision five of section forty-nine hundred of this article) that, based on two documents from the available medical and scientific evidence, is likely to be more beneficial to the enrollee than any covered standard health service or procedure or, in the case of a rare disease, based on the physician's certification required by subdivision seven-g of section forty-nine hundred of this article and such other evidence as the enrollee, the enrollee's designee or the enrollee's attending physician may present, that the requested health service or procedure is likely to benefit the enrollee in the treatment of the enrollee's rare disease and that such benefit to the enrollee outweighs the risks of such health service or procedure; or
    - (b) a clinical trial for which the enrollee is eligible. Any physician certification provided under this section shall include a statement of the evidence relied upon by the physician in certifying his or her recommendation, and  
\*NB effective January 1, 2010
  - (iv) the specific health service or procedure recommended by the attending physician would otherwise be covered under the policy except for the health care plan's determination that the health service or procedure is experimental or investigational; or
  - (c) (i) the enrollee has had coverage of the health service (other than a clinical trial to which paragraph (b) of this subdivision shall apply), which would otherwise be a covered benefit under a subscriber contract or governmental health benefit program, denied on appeal, in whole or in part, pursuant to title one of this article on the grounds that such health service is out-of-network and an alternate recommended health service is available in-network, and the health plan has rendered a final adverse determination with respect to an out-of-network denial or both the health plan and the enrollee have jointly agreed to waive any internal appeal; and
  - (ii) the enrollee's attending physician, who shall be a licensed, board certified or board eligible physician qualified to practice in the specialty area of practice appropriate to treat the enrollee for the health service sought, certifies that the out-of-network health service is materially different than the alternate
-

**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

recommended in-network service, and recommends a health care service that, based on two documents from the available medical and scientific evidence, is likely to be more clinically beneficial than the alternate recommended in-network treatment and the adverse risk of the requested health service would likely not be substantially increased over the alternate recommended in-network health service.

3. (a) The health care plan may charge the enrollee a fee of up to twenty-five dollars per external appeal with an annual limit on filing fees for an enrollee not to exceed seventy-five dollars within a single plan year; provided that, in the event the external appeal agent overturns the final adverse determination of the plan, such fee shall be refunded to the enrollee. Notwithstanding the foregoing, the health plan shall not require the enrollee to pay any such fee if the enrollee is a recipient of medical assistance or is covered by a policy pursuant to title one-A of article twenty-five of this chapter. Notwithstanding the foregoing, the health plan shall not require the enrollee to pay any such fee if such fee shall pose a hardship to the enrollee as determined by the plan. \*NB effective date January 1, 2012
- (b) The health care plan may charge the enrollee's health care provider a fee of up to fifty dollars per external appeal, other than for an external appeal requested pursuant to paragraph (b) or (c) of subdivision four of section forty-nine hundred fourteen of this article; provided that, in the event the external appeal agent overturns the final adverse determination of the plan, such fee shall be refunded to the enrollee's health care provider. \*NB effective date January 1, 2012
4. An enrollee covered under the Medicare or Medicaid program may appeal the denial of a health care service pursuant to the provisions of this title, provided, however, that any determination rendered concerning such denial pursuant to existing federal and state law relating to the Medicare or Medicaid program or pursuant to federal law enacted subsequent to the effective date of this title and providing for an external appeal process for such denials shall be binding on the enrollee and the insurer and shall supersede any determinations rendered pursuant to this title.

**§ 4911. Powers of the commissioner.**

1. The commissioner shall have the power to grant and revoke certifications of external appeal agents to conduct external appeals requested pursuant to either paragraph (a) or (b) of subdivision two of section forty-nine hundred ten of this title or pursuant to both such paragraphs.
2. If, after reviewing the application authorized by section forty-nine hundred twelve of this title, the commissioner is satisfied that the applicant meets the requirements of



**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

this section, the commissioner shall issue a certificate to the applicant. A certificate issued under this section shall be valid for a period of not more than two years.

3. In order to be re-certified, an external appeal agent must demonstrate to the commissioner on forms prescribed by the commissioner that it continues to meet all applicable standards required by this title. Re-certification under this section shall be valid for a period of not more than two years.

**§ 4912. Standards for certification.**

1. The commissioner shall develop an application for certification. At a minimum, applicants shall provide:
  - (a) a description of the qualifications of the clinical peer reviewers retained to conduct external appeals of final adverse determinations, including such reviewers' current and past employment history and practice affiliations;
  - (b) a description of the procedures employed to ensure that clinical peer reviewers conducting external appeals are:
    - (i) appropriately licensed, registered or certified;
    - (ii) trained in the principles, procedures and standards of the external appeal agent; and
    - (iii) knowledgeable about the health care service which is the subject of the final adverse determination under appeal;
  - (c) a description of the methods of recruiting and selecting impartial clinical peer reviewers and matching such reviewers to specific cases;
  - (d) the number of clinical peer reviewers retained by the external appeal agent, and a description of the areas of expertise available from such reviewers and the types of cases such reviewers are qualified to review;
  - (e) a description of the policies and procedures employed to protect the confidentiality of individual medical and treatment records in accordance with applicable state and federal laws;
  - (f) a description of the quality assurance program established by the external appeal agent pursuant to paragraph (c ) of subdivision two of this section;

**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

- (g) the names of all corporations and organizations owned or controlled by the external appeal agent or which owns or controls such agent, and the nature and extent of any such ownership or control;
  - (h) the names and biographies of all directors, officers, and executives of the external appeal agent;
  - (i) an experimental and investigational treatment review plan to conduct appeals pursuant to subparagraph (B) of paragraph (d) of subdivision two of section forty-nine hundred fourteen of this title; and
  - (j) a description of the fees to be charged by agents for external appeals.
2. The commissioner shall, at a minimum, require an external appeal agent to:
- (a) appoint a medical director, who is a physician in possession of a current and valid non-restricted license to practice medicine. Such director shall be responsible for the supervision and oversight of the external appeal process;
  - (b) develop written policies and procedures governing all aspects of the appeal process, including, at a minimum:
    - (i) procedures to ensure that appeals are conducted within the time frames specified in section forty-nine hundred fourteen of this title, and any required notices are provided in a timely manner;
    - (ii) procedures to ensure the selection of qualified and impartial clinical peer reviewers. Such reviewers shall be qualified to render determinations relating to the health care service which is the subject of the final adverse determination under appeal;
    - (iii) procedures to ensure the confidentiality of medical and treatment records and review materials; and
    - (iv) procedures to ensure adherence to the requirements of this title by any contractor, subcontractor, subvendor, agent or employee affiliated by contract or otherwise with such external appeal agent;
  - (c) establish a quality assurance program. Such program shall include written descriptions, to be provided to all individuals involved in such program, of the organizational arrangements and ongoing procedures for the identification, evaluation, resolution and follow-up of potential and actual problems in external appeals performed by the external appeal agent and to ensure the maintenance of program standards pursuant to this section;

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- (d) establish a toll-free telephone service to receive information on a 24-hour-a-day 7-day-a-week basis relating to external appeals pursuant to this title. Such system shall be capable of accepting, recording or providing instruction to incoming telephone calls during other than normal business hours;
  - (e) develop procedures to ensure that:
    - (i) appropriate personnel are reasonably accessible not less than forty hours per week during normal business hours to discuss patient care and to allow response to telephone requests, and
    - (ii) response to accepted or recorded messages shall be made not less than one business day after the date on which the call was received; and
  - (f) be accredited by a nationally recognized private accrediting organization. \*NB effective date January 1, 2012
3. No entity shall be qualified to submit such request for application if it owns or controls, is owned or controlled by, or exercises common control with, any of the following:
- (a) any national, state or local illness, health benefit or public advocacy group;
  - (b) any national, state or local society or association of hospitals, physicians, or other providers of health care services; or
  - (c) any national, state or local association of health care plans.
4. A health care plan shall transmit, and an external appeal agent shall be authorized to receive and review, an enrollee's medical and treatment records in order to conduct an external appeal pursuant to this title.
5. An external appeal agent shall provide ready access to the commissioner to all data, records, and information collected and maintained concerning such agent's external appeal activities.
6. An external appeal agent shall agree to provide the commissioner such data, information, and reports as the commissioner determines necessary to evaluate the external appeal process established pursuant to this title.
7. The commissioner shall provide, upon the request of any interested person, a copy of all non-proprietary information filed with the commissioner by the external appeal agent. The commissioner may charge a reasonable fee to the interested person for reproducing the requested information.

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

**§ 4913. Conflict of interest.**

1. No external appeal agent or officer, director, or management employee thereof; or clinical peer reviewer employed or engaged thereby to conduct any external appeal pursuant to this title, shall have any material professional affiliation, material familial affiliation, material financial affiliation, or other affiliation prescribed pursuant to regulation, with any of the following:
  - (a) the health care plan;
  - (b) any officer, director, or management employee of the health care plan;
  - (c) any health care provider, physician's medical group, independent practice association, or provider of pharmaceutical products or services or durable medical equipment, proposing to provide or supply the health service;
  - (d) the facility at which the health service would be provided;
  - (e) the developer or manufacturer of the principal health service which is the subject of the appeal; or
  - (f) the enrollee whose health care service is the subject of the appeal, or the enrollee's designee.
2. Notwithstanding the provisions of subdivision one of this section, the commissioner shall promulgate regulations to minimize any conflict of interest where such conflict may be unavoidable.

**§ 4914. Procedures for external appeals of adverse determinations.**

1. The commissioner shall establish procedures by regulation to randomly assign an external appeal agent to conduct an external appeal, provided that the commissioner may establish a maximum fee which may be charged for any such external appeal, or the commissioner may exclude from such random assignment any external appeal agent which charges a fee which she deems to be unreasonable.
2. (a) The enrollee shall have four months to initiate an external appeal after the enrollee receives notice from the health care plan, or such plan's utilization review agent if applicable, of a final adverse determination or denial or after both the plan and the enrollee have jointly agreed to waive any internal appeal, or after the enrollee is deemed to have exhausted or is not required to complete any internal appeal pursuant to section 2719 of the Public Health Service Act, 42 U.S.C. § 300gg-19. Where applicable, the enrollee's health care provider shall have forty-five days to initiate an external appeal after the enrollee or the enrollee's health care provider, as applicable, receives notice from the health care plan, or such

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

plan's utilization review agent if applicable, of a final adverse determination or denial or after both the plan and the enrollee have jointly agreed to waive any internal appeal. Such request shall be in writing in accordance with the instructions and in such form prescribed by subdivision five of this section. The enrollee, and the enrollee's health care provider where applicable, shall have the opportunity to submit additional documentation with respect to such appeal to the external appeal agent within the applicable time period above; provided however that when such documentation represents a material change from the documentation upon which the utilization review agent based its adverse determination or upon which the health plan based its denial, the health plan shall have three business days to consider such documentation and amend or confirm such adverse determination. \*NB effective date January 1, 2012

- (b) The external appeal agent shall make a determination with respect to the appeal within thirty days of the receipt of the request therefor, submitted in accordance with the commissioner's instructions. The external appeal agent shall have the opportunity to request additional information from the enrollee, the enrollee's health care provider and the enrollee's health care plan within such thirty-day period, in which case the agent shall have up to five additional business days if necessary to make such determination. The external appeal agent shall notify the enrollee, the enrollee's health care provider where appropriate, and the health care plan, in writing, of the appeal determination within two business days of the rendering of such determination.
- (c) Notwithstanding the provisions of paragraphs (a) and (b) of this subdivision, if the enrollee's attending physician states that a delay in providing the health care service would pose an imminent or serious threat to the health of the enrollee, or if the enrollee is entitled to an expedited external appeal pursuant to section 2719 of the federal Public Health Service Act, 42 U.S.C. § 300gg-19, the external appeal shall be completed within no more than seventy-two hours of the request therefor and the external appeal agent shall make every reasonable attempt to immediately notify the enrollee, the enrollee's health care provider where appropriate, and the health plan of its determination by telephone or facsimile, followed immediately by written notification of such determination. \*NB effective date January 1, 2012
- (d) (A) For external appeals requested pursuant to paragraph (a) of subdivision two of section forty-nine hundred ten of this title, the external appeal agent shall review the utilization review agent's final adverse determination and, in accordance with the provisions of this title, shall make a determination as to whether the health care plan acted reasonably and with sound medical judgment and in the best interest of the patient. When the external appeal agent makes its determination, it shall consider the clinical standards of the plan, the information provided concerning the patient, the attending physician's recommendation, and applicable generally accepted practice guidelines developed by the

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

federal government, national or professional medical societies, boards and associations. Provided that such determination shall:

- (i) be conducted only by one or a greater odd number of clinical peer reviewers,
  - (ii) be accompanied by a notice of appeal determination which shall include the reasons for the determination; provided, however, that where the final adverse determination is upheld on appeal, the notice shall include the clinical rationale, if any, for such determination,
  - (iii) be subject to the terms and conditions generally applicable to benefits under the evidence of coverage under the health care plan,
  - (iv) be binding on the plan and the enrollee, and
  - (v) be admissible in any court proceeding.
- (B) For external appeals requested pursuant to paragraph (b) of subdivision two of section forty-nine hundred ten of this title, the external appeal agent shall review the proposed health service or procedure for which coverage has been denied and, in accordance with the provisions of this title and the external agent's experimental and investigational treatment review plan, make a determination as to whether the patient costs of such health service or procedure shall be covered by the health care plan; provided that such determination shall:
- (i) be conducted by a panel of three or a greater odd number of clinical peer reviewers,
  - (ii) be accompanied by a written statement:
    - (1) that the patient costs of the proposed health service or procedure shall be covered by the health care plan either: when a majority of the panel of reviewers determines, based upon review of the applicable medical and scientific evidence and, in connection with rare diseases, the physician's certification required by subdivision seven-g of section forty-nine hundred of this article and such other evidence as the enrollee, the enrollee's designee or the enrollee's attending physician may present (or upon confirmation that the recommended treatment is a clinical trial), the enrollee's medical record, and any other pertinent information, that the proposed health service or treatment (including a pharmaceutical product within the meaning of subparagraph (B) of paragraph (b) of subdivision five of section forty-nine hundred of this article) is likely to be more beneficial than any standard treatment or

**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

treatments for the enrollee's condition or disease or, for rare diseases, that the requested health service or procedure is likely to benefit the enrollee in the treatment of the enrollee's rare disease and that such benefit to the enrollee outweighs the risks of such health service or procedure (or, in the case of a clinical trial, is likely to benefit the enrollee in the treatment of the enrollee's condition or disease); or when a reviewing panel is evenly divided as to a determination concerning coverage of the health service or procedure, or

- (2) upholding the health plan's denial of coverage,
- (iii) be subject to the terms and conditions generally applicable to benefits under the evidence of coverage under the health care plan,
- (iv) be binding on the plan and the enrollee, and
- (v) be admissible in any court proceeding.

As used in this subparagraph (B) with respect to a clinical trial, patient costs shall include all costs of health services required to provide treatment to the enrollee according to the design of the trial. Such costs shall not include the costs of any investigational drugs or devices themselves, the cost of any nonhealth services that might be required for the enrollee to receive the treatment, the costs of managing the research, or costs which would not be covered under the policy for noninvestigational treatments.

- (C) For external appeals requested pursuant to paragraph (c) of subdivision two of section four thousand nine hundred ten of this title relating to an out-of-network denial, the external appeal agent shall review the utilization review agent's final adverse determination and, in accordance with the provisions of this title, shall make a determination as to whether the out-of-network health service shall be covered by the health plan.
  - (i) The external appeal agent shall assign one clinical peer reviewer to make a determination as to whether the out-of-network health service is materially different from the health service available in-network.
  - (ii) If a determination is made that the out-of-network health service is not materially different from the health service available in-network the out-of-network health service shall not be covered by the health plan.
  - (iii) If a determination is made that the out-of-network health service is materially different from the health service available in-network, the external appeal agent shall assign a panel with an additional two or a greater odd number of

**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

clinical peer reviewers which shall make a determination as to whether the out-of-network health service shall be covered by the health plan; provided that such determination shall:

(1) be accompanied by a written statement that:

(I) the out-of-network health service shall be covered by the health care plan either: when a majority of the panel of reviewers determines, upon review of the health service requested by the enrollee, the alternate recommended health service proposed by the plan, the clinical standards of the plan, the information provided concerning the enrollee, the attending physician's recommendation, the applicable medical and scientific evidence, the enrollee's medical record, and any other pertinent information that the out-of-network health service is likely to be more clinically beneficial than the proposed in-network health service and the adverse risk of the requested health service would likely not be substantially increased over the in-network health service; or

(II) uphold the health plan's denial of coverage.

(2) be subject to the terms and conditions generally applicable to benefits under the evidence of coverage under the health care plan;

(3) be binding on the plan and the enrollee; and

(4) be admissible in any court proceeding.

3. No external appeal agent or clinical peer reviewer conducting an external appeal shall be liable in damages to any person for any opinions rendered by such external appeal agent or clinical peer reviewer upon completion of an external appeal conducted pursuant to this section, unless such opinion was rendered in bad faith or involved gross negligence.

4. (a) Except as provided in paragraphs (b) and (c) of this subdivision, payment for an external appeal shall be the responsibility of the health care plan. The health care plan shall make payment to the external appeal agent within forty-five days from the date the appeal determination is received by the health care plan, and the health care plan shall be obligated to pay such amount together with interest thereon calculated at a rate which is the greater of the rate set by the commissioner of taxation and finance for corporate taxes pursuant to paragraph one of subsection (e) of section one thousand ninety-six of the tax law or twelve percent per annum, to be computed from the date the bill was required to be paid, in the event that payment is not made within such forty-five days.



**ARTICLE 49 of the PUBLIC HEALTH LAW**  
**UTILIZATION REVIEW and EXTERNAL APPEAL**  
**Unofficial Copy for Illustrative Purposes Only**

---

- (b) If an enrollee's health care provider requests an external appeal of a concurrent adverse determination and the external appeal agent upholds the health care plan's determination in whole, payment for the external appeal shall be made by the health care provider in the manner and subject to the timeframes and requirements set forth in paragraph (a) of this subdivision.
  - (c) If an enrollee's health care provider requests an external appeal of a concurrent adverse determination and the external appeal agent upholds the health care plan's determination in part, payment for the external appeal shall be evenly divided between the health care plan and the enrollee's health care provider who requested the external appeal and shall be made by the health care plan and the enrollee's health care provider in the manner and subject to the timeframes and requirements set forth in paragraph (a) of this subdivision; provided, however, that the commissioner may, upon a determination by the superintendent of financial services that health care plans or health care providers are experiencing a substantial hardship as a result of payment for the external appeal when the external appeal agent upholds the health care plan's determination in part, in consultation with the superintendent, promulgate regulations to limit such hardship.
  - (d) If an enrollee's health care provider was acting as the enrollee's designee, payment for the external appeal shall be made by the health care plan. The external appeal and any designation shall be submitted on a standard form developed by the commissioner in consultation with the superintendent of financial services pursuant to subdivision five of this section. The superintendent of financial services shall have the authority upon receipt of an external appeal to confirm the designation or request other information as necessary, in which case the superintendent of financial services shall make at least two written requests to the enrollee to confirm the designation. The enrollee shall have two weeks to respond to each such request. If the enrollee fails to respond to the superintendent of financial services within the specified timeframe, the superintendent of financial services shall make two written requests to the health care provider to file an external appeal on his or her own behalf. The health care provider shall have two weeks to respond to each such request. If health care provider does not respond to the superintendent of financial services requests within the specified timeframe, the superintendent of financial services shall reject the appeal. If the health care provider responds to the superintendent's requests, payment for the external appeal shall be made in accordance with paragraphs (b) and (c) of this subdivision.
5. The commissioner, in consultation with the superintendent of financial services, shall promulgate by regulation a standard description of the external appeal process established under this section, which shall provide a standard form and instructions for the initiation of an external appeal by an enrollee.

**ARTICLE 49 of the PUBLIC HEALTH LAW  
UTILIZATION REVIEW and EXTERNAL APPEAL  
Unofficial Copy for Illustrative Purposes Only**

---

**§ 4915. Prohibited practices.**

An external appeal agent shall not, with respect to external appeal activities, permit or provide compensation or anything of value to its employees, agents, or contractors based on:

1. either a percentage of the amount by which a claim is reduced for payment or the number of claims or the cost of services for which the person has denied authorization or payment; or
2. any other method that encourages the upholding of an adverse determination.

**§ 4916. Oversight and surveillance of the external appeal process.**

1. The commissioner shall have the power to:
  - (a) review the activities of the health care plans and external appeal agents pursuant to this title, including the extent to which such plans and agents adhere to the standards and time frames required pursuant to this title;
  - (b) investigate complaints by enrollees regarding requests for and processing of external appeals; and
  - (c) conduct random audits of health care plans and external appeal agents to determine compliance with the provisions of this title.
2. Each health care plan and external appeal agent shall annually, in such form as the commissioner shall require, report the number of external appeals requested by enrollees and the outcomes of any such external appeals.
3. The commissioner shall annually report, by plan and agent, such information to the governor and the legislature, provided that no such information shall be included which would otherwise be deemed confidential information within the meaning of this chapter.

**§ 4917. Hold harmless.**

A health care provider requesting an external appeal of a concurrent adverse determination, including when the health care provider requests an external appeal as the enrollee's designee, shall not pursue reimbursement from the enrollee for services determined not medically necessary by the external appeal agent, except to collect a copayment.