

***Health Net of Oregon
Utilization Management
Program
2004***

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- The Health Net of Oregon Director of Health Services has reviewed and approved this program description.

_____ Date _____
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Director, Health Services

- The Health Net of Oregon Medical Director has reviewed and approved this program description.

_____ Date _____
Andrew G. Glass, MD
Medical Director

Committee Approval

- The Health Net of Oregon Utilization Management Committee has reviewed and approved this program description at its 12/8/03 meeting.

_____ Date _____
Andrew G. Glass, MD
Committee Chairman

- The Health Net of Oregon Quality Improvement Committee has reviewed and approved this program description at its 2004 Meeting.

_____ Date _____
Andrew G. Glass, MD
Committee Chairman

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Utilization Management Program

Effective: 10/96 Revised: December 8, 2003



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Utilization Management Program
Effective: 10/96 Revised: December 8, 2003

Section 1

Introduction

Introduction

The Health Net of Oregon Board of Directors has established the Health Net of Oregon Utilization Management Program. This program defines responsibility and oversight for the development, implementation, monitoring, and continuous quality improvement of all healthcare initiatives.

Health Net of Oregon (HNOR) operates a multi-dimensional Utilization Management Program to direct and monitor the use of health care services provided to its members. The program involves prior authorization, concurrent, and retrospective review evaluation of the utilization of services provided to members. The program requires cooperative participation of HNOR, participating practitioners, delegates, hospitals, and other providers to ensure a timely, effective, and medically sound program. The program is structured to assure that medical decisions are made by qualified health professionals, using written criteria based on sound clinical evidence, without undue influence of HNOR management or concerns for the plan's fiscal performance. The model is patient centric and empowers the member with knowledge that allows them to become more active participants in health care decisions.

The Utilization Management Program Description summarizes the utilization management policy, procedures and process, and the use of utilization management standards.

Section 2

Description of Programs

Description of Programs

Utilization Management

Introduction

The Utilization Management Program (Program) is designed to manage the use of limited resources to maximize the effectiveness of the care provided to its members. It is designed to promote fair, safe and consistent utilization management decision-making. The Program is under the clinical supervision of the Medical Director, an Oregon and Washington licensed physician, who has substantial involvement in developing and implementing the program. The Program is updated as necessary and is evaluated and approved annually by the HNOR Utilization Management Committee.

The Program includes prior authorization, concurrent review, and retrospective review components, depending upon the type of service and the involved member's clinical condition. These services are provided by HNOR and/or delegates' nurses in collaboration with HNOR or delegates' Medical Directors.

Purpose

The purpose of the Utilization Management Program is to provide a comprehensive, integrated process that ensures that HNOR members receive timely, safe and appropriate medical care in the most efficient and cost-effective manner. The Program also provides the process and structure whereby Health Services staff and the Delegation Oversight Committee provide oversight for delegated activities provided by HNOR practitioners, providers and/or third party administrators. The Program interfaces with the quality management system to facilitate the achievement of its goals and objectives.

Objectives

The objectives of the HNOR Utilization Management Program are:

1. Provide members with equitable access to care across the network.
2. Ensure that qualified health professionals using appropriate clinical information and criteria sets make appropriate utilization management decisions.
3. Establish standards for the timeliness of utilization management decision making.

4. Ensure that the reasons for each denial are clearly documented and communicated to members and practitioners.
5. Through the National and Regional Pharmacy and Therapeutics Committees establish processes to ensure that the HNOR Drug Formulary is based on member's need, sound pharmacological advances driven by clinical evidence and is reviewed and updated at specific intervals.
6. Establish processes to monitor and oversee utilization of high-risk and high-cost procedures and services.
7. Use written guidelines and criteria based on sound clinical evidence and develop and implement procedures for applying this criteria in an appropriate manner to ensure that current technology and scientific evidence is used in the utilization review decision.
8. Develop processes and tools for authorization, case/disease management, discharge planning and other utilization management functions to improve efficiency, continuity of care and standardization of application.
9. Monitor utilization of selected services against benchmarks and provide feedback to improve the provider's knowledge of current medical evidence in order that the provider can measure their own effectiveness to benchmarks.
10. Establish processes to collect and periodically monitor data, implement interventions, and measure results of the interventions for effective strategies to achieve appropriate utilization.
11. Identify and intervene when quality of care issues are identified individually or through delegated utilization management review of over- or under-utilization.
12. Review of over or under utilization
13. Comply with all applicable federal and state laws, regulation and accreditation requirements.

Delegation

Health Net of Oregon (HNOR) delegates utilization management activities to other organizations that meet HNOR's standards. HNOR retains accountability for all delegated activities and has a thorough process in place to systematically monitor a delegate's ability to perform delegated functions. Delegation occurs only after an evaluation of capacity, past-performance and administrative ability prior to delegation. The functions that may be delegated are prior authorization, concurrent review, discharge planning and case/disease management. The functions to be delegated are evaluated pre-contractually and at least annually thereafter. If a delegate fails to perform any aspect of a delegated function, a Corrective Action Plan (CAP)

may be implemented. If a CAP is initiated the delegate must identify specific actions intended to improve performance standards and obtain HNOR's approval of the plan. If the delegate fails to improve performance within the agreed upon timeframes, HNOR has the ability to modify or rescind delegation.

Additionally, HNOR's delegates are obligated to provide oversight and documented evidence of monitoring the utilization review process for medical appropriateness whenever this process is performed by a sub-delegated or sub-contracted provider and/or review organization.

Scope of Utilization Management Program

The Utilization Management Program includes all Health Net of Oregon Commercial and Medicare PPO products and members.

The scope of the HNOR Utilization Management Program includes direct referrals, prior authorization, concurrent review, discharge planning, case/disease management, and retrospective review of inpatient and outpatient services. The scope of services also includes but is not limited to:

- Pharmaceutical Management
- Care of Institutionalized Members
- Ambulatory and inpatient surgery
- Home Health Care
- Mental Health and Chemical Dependency Services
- Ambulatory Care
- Durable Medical Equipment/Corrective Appliances
- New Technology Assessments

Direct Referrals

Health Net of Oregon (HNOR) does not require authorization of referrals to specialists. A direct referral occurs when the member's Primary Care Physician (PCP) refers the member directly to a specialist for consultation and evaluation without prior authorization or prior review by HNOR. Members may also self-refer directly to a specialist. Direct referrals enhance the member's ability to directly access specialists such as dermatologists, podiatrists, ophthalmologists or OB/GYNs.

Prior Authorization Decisions

Prior authorization decisions are determined by HNOR's Utilization Management staff for non-delegated Commercial and Medicare PPO members.

Prior Authorization decisions include both the initial determination of requests for urgent and non-urgent service and requests for continuation of services. Prior Authorization decisions are required for inpatient admissions, referrals to ambulatory surgery, home health care, durable medical equipment and home infusion. The purpose of obtaining a prior authorization decision is to prospectively evaluate proposed services to determine if they are medically necessary, covered by the member's benefit plan, provided by a contracted practitioner or provider, where appropriate or possible, and provided in the most appropriate setting.

The practitioner mails, telephones or faxes prior authorization requests directly to the HNOR Prior Authorization Unit. The unit is staffed with licensed nurses and intake coordinators who document the referral information in the medical management data system. Requests for prior authorization decisions may be required to include:

1. Member demographics
2. History and clinical findings
3. Diagnosis with ICD-9 code
4. Procedure with CPT code
5. Reason for Prior Authorization decision
6. Results of pertinent or applicable evaluation and tests already performed
7. Any lab, X-ray, or other reports pertinent to the request
8. Pertinent medical information to facilitate the authorization decision

Qualifications of Decision Makers

All requests are reviewed for medical appropriateness utilizing *InterQual® Criteria*, Medicare Guidelines, Hayes, EBM Solutions, Health Net, Inc. Medical Advisory Committee Position Statements or other standardized clinical sources if appropriate. Care Managers have the authority to approve all situations that meet the medical review criteria. Potential denials or questionable cases are referred to an HNOR Medical Director, an Oregon and Washington licensed physician, for review. An HNOR Medical Director is responsible for making all denial and/or experimental/investigational decisions based on medical necessity or appropriateness. Denial determinations based on benefit exclusions may be made by a qualified

professional other than a Medical Director. Board-certified specialty physicians are utilized as needed to make medically appropriate determinations for their respective specialty areas. The HNOR Medical Directors and/or nursing staff make all utilization management decisions based on appropriateness of care and service and are not financially incentivized to approve or deny care in any way.

Timeframes for Making Utilization Review Decisions

Routine medical necessity determinations are made within 2 business days of request. HNOR has qualified health professionals available 7 days a week to provide same day response (within 24 hours) to inquiries regarding certification of continued stay. Continued stay is certified until a response is given. Determinations may be delayed when inadequate medical history or clinical information is available. However, HNOR notifies the provider of any additional information that is needed to make a determination within the time frames outlined above.

The Center for Medicare and Medicaid Services (CMS) mandates that prior authorization (pre-service) medical necessity determinations be made within 14 days of receipt and that expedited or fast determinations be made within 72 hours of receipt. Unless delayed due to inadequate medical history or clinical information, all pre-service requests for HNOR Options Plus members are processed within 72 hours of receipt.

If the Medical Director denies a request for treatment or services as not medically necessary or as experimental/investigational, HNOR notifies the member and provider(s) of their denial and appeal rights. Determination letters advising what services are authorized, not authorized or partially authorized are sent to the member and provider(s).

Binding Authorizations

Except in the case of misrepresentation relevant to a request for prior authorization, a prior authorization determination is binding as follows:

- 30 days for medical necessity and benefits (commercial and Medicare plans);
- For eligibility, the lesser of 5 business days or the period during which the member's coverage is in effect when HNOR determines the member's coverage will terminate sooner than five business days following the day the authorization is issued and the authorization specifies the termination date of the authorization (commercial plans)

Inpatient Facility Authorization and Concurrent Review

HNOR Nurses and Medical Directors conduct telephonic concurrent review of patients admitted to hospitals, rehabilitation units, or skilled nursing facilities. Delegates are responsible for their members and HNOR's staff is responsible for non-delegated membership. Additionally, the plan may monitor and provide concurrent review support for delegates that retain a UM delegated

status. This review occurs within 1 working day of the day of admission or within 1 working day of notification of admission and continues throughout the patient's stay (See Timeframes for Making Utilization Management Decisions). The review monitors medical necessity, levels of care, discharge planning and evaluates alternatives to inpatient care. The concurrent review nurses use *InterQual*® to assess the appropriate level of care and length of stay. The frequency of reviews of authorization requests will be based on the severity or complexity of the patient's condition or on the necessary treatment and discharge planning activity. The determination of medical appropriateness includes consideration of the individual patient's needs, as well as the requirements of the local delivery system such as in remote sections of the state. Board-certified physician specialists are utilized in making medical determinations as needed.

HNOR non-clinical associates support inpatient authorization review by receiving and documenting notifications. They may also approve some services based on clearly established guidelines and criteria. Reviews of requests that do not meet guidelines or criteria for certification are referred to the HNOR Medical Director. During the concurrent review process, nurses identify potential case management cases and refer such cases to Case/Disease management for evaluation. The Medical Directors collaborate with Care Managers and Case Managers to review cases and are available to review potential medically necessary denials or questionable cases.

Discharge Planning

Care Managers, Case Managers and Medical Directors facilitate discharge planning to promote continuity and coordination of care in conjunction with the practitioner, member, and family to assure a timely and safe discharge. Discharge planning begins within 24 hours of the member's admission whenever possible. The Care Manager and/or Case Manager is responsible for coordinating and approving referrals for home health care, durable medical equipment and/or transfer to a lower level of care (e.g., skilled nursing facility or acute rehabilitation). The criteria used for evaluating and guiding timely discharge planning is *InterQual*®. Discharge planning includes, but is not limited to:

- Assessment of continuity of care needs to include benefits eligibility;
- Assessment of member's support system to determine necessary services;
- Development of a plan of care based on short-term medical/psychosocial needs;
- Coordination and implementation of services requested in the plan of care;

Discharge planning and follow up continues until care is delivered.

Second Medical Opinion

HNOR and its Delegates provide timely second opinions for medical health conditions when requested by the member or the provider. Prior authorization is not required for a referral to a participating specialist for second medical opinion. If a participating provider is not available, HNOR will authorize a second opinion through a non-participating provider. The member is responsible for applicable copayments or co-insurance, but HNOR does not impose a charge that is greater than the cost the member would otherwise pay for an initial medical opinion from the second provider.

Retrospective Review

HNOR and delegates perform retrospective review of medical records when services rendered or inpatient hospitalization have not been authorized. An HNOR Medical Director, and/or Medical Claims Liaison and/or a registered nurse, using *InterQual® Criteria*, Medicare Guidelines, Hayes, EBM Solutions, and Health Net, Inc. Medical Advisory Committee Position Statements, conduct these reviews for medical necessity and payment adjudication recommendations. The purpose of retrospective review is to evaluate the request for payment against documented evidence that the member received the services and that services meet the criteria for medical necessity and were provided within the context of the member's HNOR contract. Retrospective review determinations are processed within twenty-one (21) calendar days of obtaining all necessary information.

Medical Information Support System

HNOR utilizes automated software systems that to document all information related to utilization management and case/disease management activities.

The system allows the user to enter, audit and view authorization, concurrent review and case/disease management information. Information is imported directly from HNOR's membership, eligibility and claims system which records, retains and displays information; controls and monitors the correctness and logic of authorization data; produces utilization statistical reports; generates authorization letters; and permits inquiry into the member/provider authorization and claims payment history.

Coordination with the Quality Improvement Program

Sentinel events and potential quality of care/service issues are identified and referred to the Quality of Care Program for tracking and trending, investigation and peer review. This review occurs throughout the scope of utilization management activities. For delegates, quality of care/service issues and member complaints are monitored and analyzed by the Delegation Oversight Committee. Corrective actions, as appropriate, are required to continually improve care and service.

Provider Participation

HNOR contracts with primary and multi-specialty group practices, individual providers, hospitals and ancillary service providers to deliver quality, cost effective medical services to members and their dependents. For HMO lines of business, selection of a Primary Care Physician (PCP) and establishment of a relationship with that physician is the foundation for members obtaining appropriate health care services. PCPs include Internists, Family Practitioners, General Practitioners, Pediatricians, Nurse Practitioners and Women's Health Care Providers (WHCP). HNOR Medical Directors are available to discuss provider concerns regarding issues that impact member care.

Through participation in the HNOR Community Advisory Committee, Professional Review Committee (PRC), and Pharmacy and Therapeutics Committee, providers have an opportunity to provide input regarding HNOR, Inc. and HNOR guidelines and policies, quality of care oversight and credentialing.

Access / Availability to Health Care Services

An ongoing review of the Health Plan's network is conducted to ensure the availability and access to all needed levels of care. The review includes an analysis of the scope of the network physicians, including Primary Care Physicians, specialists, facilities and ancillary services in relationship to members' needs. Site and medical record reviews are also conducted to ensure that access to care and services, appointment standards, and the confidentiality of member records are met. Recruitment will take place in areas where unmet needs are identified.

Quality and Safety of Care and/or Services

A thorough review is conducted on any quality and safety of care and/or service concern identified internally by a Health Plan associate based on established Quality Indicators or reported externally by a provider or member. Major adverse events where significant standard of care issues are identified are reviewed by the HNOR Medical Director and Professional Review Committee. Reports on quality and safety of care and/or services are utilized in the re-credentialing process.

Oversight of pharmacy benefits is conducted including review/revision the Preferred Drug List (PDL), retrospective review of drug utilization and use of evaluation studies to assess quantity and quality of medication use.

Credentialing and Recredentialing

Initial credentialing and recredentialing is conducted on licensed health care practitioners and organizational providers in accordance with industry standards and regulatory requirements. Participation in the Health Plan's network is determined by the extent that applicants meet defined eligibility requirements for education/training, licensure, professional liability insurance

and claims history, history of sanctions, and professional standing. Onsite medical record reviews and site visits conducted by Ambulatory Records Certification (ARC) are also included in the credentialing and recredentialing decision process.

Continuity of Care

Health Net implements mechanisms to monitor, evaluate and facilitate continuity, coordination, and transition of care among its members. These activities include, but are not limited to:

- The administration of case/disease management for complex cases that require the use of multiple health resources. Case Managers act as facilitators, resource finders and coordinators responsible for bridging communication, problem solving with practitioners and assisting members and their families to facilitate implementation of a smooth and coordinated plan of care.
- Coordination of care for HMO members whose treatment is in progress at the time of transfer to Health Net coverage, transfer to a new health plan, contracted provider group closures or contract terminations. Case Managers act as patient advocates and liaisons to assist new and existing members so they receive continuous health care services until they are safely transitioned to a Health Net network provider or non-network Health Net provider if appropriate.
- Continuity of care allows HMO members to temporarily continue receiving services from their out-of-plan provider if they are involved in an active course of treatment. This may include second trimester pregnancy, scheduled surgery and post-operative follow up. It may also include certain medical conditions, when the member is receiving ongoing care at the time a Medical Service Contract is terminated. Some examples of the types of medical conditions that may be considered include cancer, HIV/AIDS, hemophilia, transplant, or congestive heart failure.
- Continuity and coordination of care between general medical practitioners and behavioral health specialists is ensured via member-approved communication between contracted providers, behavioral health practitioners and behavioral health facilities. Practitioner compliance with this process is monitored by the Quality Improvement Department.
- Transition of care process.

If HNOR first learns the identity of an enrollee affected by provider contract termination after the termination date of the contract or after notice was given to the other affected enrollees, then HNOR gives notice to the enrollee no later than the 10th day after learning that enrollee's identity.

The enrollee may receive care until the later of:

- (a) The 45th day after birth; **or**

- (b) As long as the enrollee continues under an active course of treatment, but not later than the 120th day after the date HNOR notified the enrollee of the termination of the contractual relationship with the provider

Ensuring Appropriate Utilization

HNOR monitors over and under utilization. Monthly and quarterly reports include data on primary care, specialist, ancillary, inpatient, outpatient, emergency room, and pharmacy encounters, and selected procedures by line of business and on an aggregate basis. Utilization Management data is analyzed for adverse trends (over or under utilization) for intervention when appropriate.

Development & Implementation of Utilization Management Guidelines for Determinations

HNOR utilizes nationally recognized guidelines in making medical necessity and experimental/investigational determinations, and in monitoring the quality of care provided to HNOR Commercial and Medicare plan members.

InterQual Intensity of Service/Severity of Illness ® Criteria are used as guidelines for prior authorization, pre-admission, and continued certification of stay review determinations. Evidence Based Medicine guidelines, EBM Solutions are available to review the quality and effectiveness of care. Medicare guidelines are used as a guideline in making determinations for durable medical equipment and home health.

Medicare Coverage Manuals and Local Medicare Carrier Policies are the primary tools used for initial benefit determination and prior authorization (pre-service) for the HNOR Options Plus Plan (a Medicare PPO). InterQual Intensity of Service/Severity of Illness ® Criteria are used as guidelines for continued certification of stay review determinations.

The Hayes Technology Directory is used as a guideline in reviewing new technology. The guidelines include confirmation that the appropriate regulatory body (e.g., Food and Drug Administration) has assessed the new technology in cases where that assessment is required by law, clinical literature, review of current medical journals or other sources. All decisions involving new technology are forwarded to the Medical Director for review. The Medical Director utilizes information from these guidelines and other appropriate evidence based medicine sources in making his/her determinations. In cases, where the technology has not been evaluated, the Medical Director refers the request to the HNOR, Inc. Medical Advisory Committee (MAC).

The MAC comprises physicians representing a broad spectrum of medical specialties, as well as the HNOR, Inc. Medical Policy Medical Director and registered nurses. The HNOR Medical Director is also a member of this committee. The committee meets at least monthly to establish policies when guidelines for a particular service are not addressed by approved Health Net, Inc. guidelines.

Consistency of Application of Utilization Decision Criteria

HNOR evaluates consistency of application of decision criteria through:

1. A supervisor's periodic review of determinations;
2. Weekly UM rounds attended by UM staff members and Medical Director to evaluate determinations and problem cases; and
3. Periodic audits against criteria.

Use of Clinical Information for Utilization Review Decisions

Efforts are made to obtain all pertinent clinical information, including consultation with the treating physician(s).

Denials

HNOR registered nurses review all cases where the potential for denial is raised during the review process (prior authorization, concurrent or retrospective review). When criteria for prior authorization or continued stay are not met or are questionable, the case is referred to an HNOR Medical Director. The Medical Director may contact the requesting physician by telephone to discuss the case and/or may consult with a Board Certified Specialist before making determination of medical necessity. A psychiatrist, doctoral level clinical psychologist or certified addiction medicine specialist reviews any denial of behavioral health care that is based on medical necessity.

For members on Oregon commercial plans, determination letters advising what services are authorized, not authorized or partially authorized are sent to the member and provider(s).

An Oregon and Washington licensed Medical Director makes all denial decisions, stating the actual reason for the denial. Members, practitioners and providers receive written notification of all denials in accordance with all Oregon and Washington regulatory and CMS guidelines.

Grievances and Appeals

Members or providers who appeal a decision by HNOR to deny prior authorization or benefits for service(s) as not Medically Necessary or Experimental, receive acknowledgment of their appeal within 7 days of receipt. The case is then forwarded to a medical consultant or peer review committee for review. HNOR currently contracts with an independent medical review organization for external specialty reviews. This organization is accredited by the American Accreditation of Health Care Commission (also known as URAC).

A decision is made within 30 days of the receiving notification of the appeal. Members or providers who appeal the decision made by an independent medical reviewer will enter the Grievance and Appeal Process as a Level 2 Appeal.

Applicable standard for timeliness do not apply when:

- The period of time is too long to accommodate the clinical urgency of the situation;
- The member or provider does not reasonably cooperate; or
- Circumstances beyond the control of a party prevent complying with the standard, but only if notice of inability to comply is given promptly.

All grievance and/or appeals filed by a Health Net Options Plus Plan (Medicare PPO) member are processed in compliance with the CMS mandated Grievance and Appeals policies and procedures.

External Review

Upon exhaustion of the Health Plan's appeal process or after the Health Plan has exceeded regulated timelines for appeals, the member may request an external review if the member finds the Health Plan's decision to be unfavorable. The Health Plan provides external review through an independent review organization (IRO) contracted with the Director of the Department of Consumer and Business Services to provide external review in compliance with regulatory requirements. A request for IRO assignment by the Oregon Insurance Division (OID) is submitted within 2 business days of the date that the Health Plan receives the review request from the member. All required documents are submitted to the IRO within 6 business days of receipt of written notice of the OID's assignment. Expedited standards are also implemented for external review of clinically urgent cases. The Health Plan promptly implements the determination made by the certified independent review organization and pays the certified independent review organization's charges for the review.

Confidentiality

HNOR recognizes its duty to ensure that confidential documents are destroyed and not improperly disclosed during the utilization management process. The utilization process deals with sensitive information about members and providers. Medical records or other materials used for utilization/care management shall be considered strictly confidential and retained in a secure environment. HNOR associates are obligated and required by law to keep all confidential information obtained from others, including patient information and information regarding medical claims. All documents are maintained in accordance with guidelines set forth by federal and state laws, as well as HNOR standards.

Conflict of Interest

HNOR associates are required to adhere to the HNOR, Inc. policies and procedures for conflict of interest. The Code of Business Conduct policy defines and outlines the individual's responsibilities for complying.

Emergency Services

Emergency admissions and emergency room services do not require prior authorization.

Communication Services

Upon request, HNOR provides UM program information to enrollees, prospective enrollees or network providers. Such information is provided in a timely manner and in accordance with regulatory requirements.

Information on HNOR policies, and authorization guidelines and requirements are communicated to providers through the HNOR Provider Policy Manual, physician newsletters, provider mailings, and HNOR's website. The Provider Directory, also available on HNOR's website, provides information on network providers and designated specialists.

HNOR health benefit plan materials include information on any requirements for referrals, authorization, external review, and appeals and grievances. All guidelines used in making decisions regarding utilization review and authorization are available to providers and members upon request. The HNOR Member Handbook and HNOR Options Plus Evidence of Coverage, provided to enrollees covered under HNOR plans, include a summary of how HNOR makes decisions regarding utilization review and prior authorization determinations that affect coverage or payment.

Information on the coverage of emergency services is provided in both health benefit materials and the member handbook.

Case Management/Disease Management

Case/disease management focuses on strategies to identify members with chronic and catastrophic disease conditions and assist the member and his/her provider in managing the member's health care needs. Case/disease management promotes appropriate coordination of benefits, alternative resources and funding for members with complex care needs.

Based on a health risk analysis of the member population, disease management interventions are developed and focus on improving the health status of members with a chronic disease or condition. Interventions include, but are not limited to, individual case management, care coordination, assistance with access to educational/community resources and educational reminders to access recommended screenings applicable to their disease. A practitioner component is included in all disease management programs.

The Health Plan offers a number of health improvement programs and web-based educational resources that encourage members to adopt a healthy and active lifestyle, participate in preventive health screenings and practice regular self-care.

Section 3 Pharmacy

Pharmacy

All HNOR pharmacy benefit plans use a formulary called the Preferred Drug List (PDL). This list indicates the drugs covered under a benefit plan. Some plans have coverage for medications not listed on the PDL that are not specific exclusions of the plan benefits.

The Director of Pharmacy, a registered pharmacist, working with the Medical Director and Director of Health Services, oversees the clinical components of the HNOR Pharmacy Program. The HN Inc. National Pharmacy and Therapeutics (P&T) Committee develops recommended guidelines and criteria for HNOR Pharmacy Programs. The P&T Committee also reviews the quality, effectiveness and safety of new medications, therapeutic classes on the formulary, and conversion programs. The Director of Pharmacy and the Medical Director are participating members of the National P&T Committee.

The local P&T Committee provides feedback to the National P&T Committee. Committee membership includes the Director of Health Services, Director of Pharmacy, and practicing network physicians from different specialty areas, and community pharmacists. The local P&T committee reports to the Quality Improvement Committee that reports to the Health Plan Board of Directors. The committee meets at a minimum on a quarterly basis. Responsibilities include review of the quality, effectiveness and safety of new medications, therapeutic classes and conversion programs, as well as review and adoption of National P&T guidelines.

HNOR has adopted HN, Inc. guidelines to determine whether medications will be added to the HNOR PDL, the level of benefit, and any limits that will apply to a specific medication. The guidelines also establish a standardized method for requesting, and determining how and when to add medications to the PDL at the request of a provider or committee member.

A summary of PDL provisions is included in the [HNOR Provider Policy Manual](#). The PDL is also available to members and providers on the HNOR website. New members receive a copy of the PDL with their member materials at the time of enrollment. Updates are available on the HNOR website or can be sent to the member upon request.

In addition to PDL activities, the Director of Pharmacy and Medical Director conduct retrospective drug utilization review and drug use evaluation studies to assess both the quantity and quality of medication use. Information from these studies is used to educate providers and members about issues such as inappropriate use of antibiotics and low use of generic medications, as well as best practices for the pharmacological treatment of a particular illness.

HN Pharmaceutical Services (HNPS), a subsidiary of HN Inc., processes requests for prior authorizations and formulary exceptions. The HNPS Director of Pharmacy reviews all benefit criteria denials. Medical necessity and experimental/investigational determinations are made by the HNOR Medical Director.

Section 4

Utilization Management Committee

Utilization Management Committee

The HNOR Utilization Management Committee is responsible for the oversight of the HNOR utilization processes. It ensures that HNOR members receive all necessary and appropriate care that is consistent with nationally recognized standards, in a timely manner, and across the continuum of care. The Utilization Management Committee reports to the HNOR Quality Improvement Committee quarterly and is responsible for implementation of the Utilization Management Programs. The committee is chaired by the Medical Director or his/her designee.

HNOR Utilization Management Committee Functions

- Review and approve annually the Utilization Management Program Description, Work Plan and the Program Evaluation.
- Continuously monitor and support the activities of the Utilization Management Program and Work Plan.
- Evaluate annually the effectiveness of the Utilization Management Program and Work Plan and make recommendations for medical/care management improvements through the Utilization Management Program Evaluation.
- Review and approve, at least annually, all utilization management and case management policies, procedures and criteria used in utilization management decisions.
- Assure that the HNOR Utilization Management Program is in compliance with regulatory body standards.
- Monitor timeliness of HNOR utilization decisions for regulatory compliance.
- Monitor and ensure appropriate emergency services for plan members.
- Monitor medical, surgical, and pharmacy utilization indicators to identify trends of under- or over-utilization.
- Monitor medical/care management processes and identify opportunities for process improvement.
- Review reports on delegated activities.

Section 5

Organizational Structure and Resources

Organizational Structure and Resources

HNOR's Medical Director and Director of Health Services have direct responsibilities for the Utilization Management Program. Final review and approval of the Utilization Management Program is the responsibility of HNOR's Quality Improvement Committee and HNOR's Board of Directors.

The Medical Director and the Director of Health Services are responsible for ongoing appropriate clinical relevance and focus of the Utilization Management Program. The Medical Director provides expert clinical support to HNOR's Utilization and Case Management staff.

Resources

HNOR has full time associates dedicated to the Utilization Management Program.

The Director of Health Services reports to the HNOR Plan President. He/she collaborates with the Medical Director to administer and coordinate the implementation of Corporate medical policy.

The Medical Director reports to the HNOR Plan President and assists the President and the Director of Health Services in providing input and recommendations to the various departments within the organization as to policies and procedures that impact the delivery of medical care.

Medical Director

The Medical Director has the oversight of medical activities to ensure the performance of the provider community meets the established HNOR standards. He/she oversees the management of utilization review and quality improvement initiatives to ensure high quality, cost effective delivery of health services. He/she maintains effective, constructive, innovative relationships with the physician groups in his/her regions. He/she provides expert clinical support and assistance to the HNOR Quality Improvement and Health Services staff and other HNOR associates. The Medical Director participates actively in quality improvement committees and programs to obtain and ensure continued compliance with regulatory standards.

The Medical Director is a licensed physician responsible and accountable for ensuring appropriate clinical relevance and focus of the Utilization Management Program.

Additionally, the Medical Director recommends policy/program changes to improve performance and enhance the Quality Improvement Programs as well as serving as consultants and clinical resources to the Quality Improvement and Utilization Management staff. Committee involvement comprises of the HNOR Quality Improvement Committee, Utilization Management Committee, Peer Review Committee, Pharmacy & Therapeutics Committee and Medical Advisory Committee.

The Medical Director is responsible and accountable for ensuring appropriate clinical relevance and focus of the Utilization Management Program for prior authorization, concurrent review, retrospective review and case/disease management. The Medical Director interfaces with individual practitioners and facilities on a day-to-day basis, to ensure the performance of the provider community meets established HNOR standards

Director of Health Services

The Director of Health Services presents quarterly Utilization and Quality Management Program updates to the Board of Directors. He/she is responsible for communicating Board of Directors directives to internal stakeholders.

The Director of Health Services has ultimate responsibility for executing the Utilization Management Program, which includes but is not limited to, prior authorization, inpatient concurrent review, retrospective review and case/disease management. This individual is responsible for the organization-wide development, integration, implementation, assessment and measurement of utilization management improvement activities in order to improve the quality of care and services provided to the membership. Committee participation includes active membership on the HNOR Executive Management Team, Quality Improvement Committee, Utilization Management Committee, Delegation Oversight Committee, Health Care Cost Utilization team, National Nursing Leadership Committee and other committees as needed.

The Director of Health Services is responsible for all Medical Management and Health Services operations. He/she directs staff, develops and implements activities of utilization/case/disease management, establishes, implements and monitors departmental goals, and productivity standards, and is responsible for the direct management and supervision of all Health Services staff. The Director coordinates activities and collaborates with the Medical Director.

Supervisor of Care Management

The Supervisor of Care Management provides supervision of the Care Managers and assists with all departmental regulatory and certification requirements. The Supervisor of Care Management participates in the daily operations of the department and evaluates utilization/care management caseloads and care plans and ensures continuity of care.

The Supervisor of Care Management reviews data for tracking and trending patterns and assists with the identification and development of policies and procedures for care management. The Supervisor collaborates with the Medical Director in activities related to the utilization process.

The Supervisor is responsible for day-to-day operations of the department, including evaluation of utilization caseload and providing ongoing assessment and training of staff.

Care Manager

The Care Manager, a Registered Nurse, conducts effective utilization review activities to ensure appropriate, cost-effective, coordinated care, while maintaining quality of care and quality of service. The Utilization Management Nurse conducts prior authorization, concurrent and

retrospective review of ambulatory, hospital and emergency services using clinically valid criteria.

The Care Manager initiates and directs discharge planning, focusing on potential transfers to appropriate alternate levels of care such as skilled nursing facilities and home health care. Pertinent information is documented into the MDM System on a daily basis, including detailed clinical information and authorizations. The Care Manager also performs extra-contractual negotiations for out-of-area and in-area non-contracted admissions and physician services.

In conjunction with the Medical Director and Case Managers, the Care Manager reviews hospital admissions for appropriate utilization of resources, timeliness of treatment and quality of care.

Senior Case Manager

The Senior Case Manager is responsible for the day to day operations of the case/disease management unit. He/she monitors caseloads to assure adequate access for members with catastrophic and/or chronic conditions. The Senior Case Manager provides expert case/disease management support to the case managers, while managing a reduced caseload.

Case Manager

The Case Manager acts as a resource coordinator for providers, members and families.

The Case Manager collaborates with the practitioners and is responsible for monitoring and managing the utilization of health care resources for HNOR members in the most cost-effective manner by identifying, planning and coordinating and the care of those members that require care management.

The Case Manager pro-actively identifies candidates for care and/or disease management from either internal or external referral sources. High-risk/high-volume cases are actively managed throughout the continuum of the member's health care needs or until a care plan is no longer required.

Supervisor of Prior Authorization

The Supervisor of Prior Authorization provides supervision of the Medical Review Processors, manages cross-unit and cross-functional medical management projects and assists with all departmental regulatory and certification requirements. The Supervisor participates in the daily operations of the department and manages production activities and reporting.

The Supervisor reviews and reports data for tracking and trending patterns and assists with the identification and development of policies and procedures for authorization.

The Supervisor is responsible for day-to-day operations of the department, including evaluation of workload and providing ongoing assessment and training of staff.

Medical Review Processor

The Medical Review Processor receives information, verifies eligibility/benefits, enters inpatient and outpatient authorizations into the Medical Data Management (MDM) system and routes cases to the appropriate nurse for continued management.

Authorization Review Coordinator

The Authorization Review Coordinator provides non-clinical support for the utilization management activities of the department. He/she utilizes carefully defined guidelines to approve services when appropriate, but must refer cases without clearly defined guidelines to a registered nurse or the Medical Director.

Medical Claims Liaison

The Medical Claims Liaison resolves routine and complex pre- and post-payment claims issues and determines correct adjudication for compliance with corporate policies and procedures and other applicable regulatory guidelines.

He/she participates in regional/national workgroups to establish consistent guidelines for medical claims review and claims editing.

Physician Consultants

Physician Consultants are available for the review of individual member cases and provide medical review consultation. Medical Directors and/or other clinical staff may use any of the consultants representing the major specialties. All consultants are board certified by one of the American Boards of Medical Specialties (ABMS).

Section 6

Provider Oversight

Provider Oversight

HNOR may delegate responsibility for activities associated with utilization management to contracted providers. HNOR's Oversight Committee systematically provides oversight and regularly evaluates the PPGs and other delegated providers to ensure their compliance with the expectations of delegated duties and to oversee provider compliance with plan and regulatory requirements pertaining to the delivery of services to enrollees.

Responsibility of Oversight Committee includes, but is not limited to:

- Assesses and determines the appropriateness of delegation for each component of the delegated responsibilities: Utilization Management, Administrative Services, and Medical Records. Communicates all delegation decisions, as well as any recommendations and requests for corrective action plans, to the delegate in writing.
- Reviews results of annual evaluation of policies and procedures utilized by the Oversight Department and approves all new oversight policies before they are signed and implemented.
- Reviews and initiates appropriate actions based on findings of annual audits, annual work plan updates, and pre-contractual due diligence reviews.
- Monitors and evaluates compliance of contracted providers as it relates to contract status, continuity of care and regulatory requirements for all lines of business to ensure non-compliant providers are identified and appropriate corrective action is initiated.
- Reviews annual delegation criteria presented in onsite evaluation tools and recommends critical issue thresholds to improve the delegated process.
- Submits reports summarizing the Oversight Committee's actions to the HNOR Quality Improvement Committee for recommendations and/or approvals and acts upon the recommendations from the HNOR Quality Improvement Committee (HNQIC).

Section 7

Program Evaluation

Program Evaluation

Annually, the Medical Director and the Director of Healthcare Services present the Utilization Management Program Evaluation to the Utilization Management Committee for review and final approval. The Utilization Management Committee reports to the HNOR Quality Improvement Committee quarterly and is responsible for implementation of the Utilization Management Program (Program).

The annual evaluation of the Program provides structure for the determination of program effectiveness and the impact of the Program on members, practitioners and providers. The process identifies program strengths and limitations, improvement opportunities and unfinished business, in addition to assessing demographics and effectiveness of the program's initiatives. The evaluation has indicators for over- and under-utilization, timeliness of decision making, access to care issues, clinical criteria utilization and disease management.

The Utilization Management Program demonstrates the effectiveness and efficiency in achieving HNOR's Utilization Management mission by continuously utilizing evidence-based monitoring and measurement of clinical and service performance indicators, quality of care and quality of service issues, member complaints and timeliness of services delivered to HNOR members. Identification of causal effects, design and implementation of improvement opportunities and re-measurement of initiatives ensures a continuous cycle of evidence-based monitoring of care and delivery systems.

The annual evaluation identifies problems and/or concerns that may limit a member's equitable access to health care and provides recommendations for improvement. The Utilization Management Program Description is reviewed and updated annually.

Utilization Management Program Work Plan

An annual Utilization Management Program Work Plan (Work Plan) defines the Program's goals and objectives, and planned activities and projects to be accomplished for the year. The Work Plan identifies the Health Services staff and/or committee responsible for completing the activities and establishes the time frame for when the activities or projects are to be completed. The Work Plan also provides a structure for measuring progress towards achieving program objectives through regularly scheduled updates and a review of the document at quarterly Quality Improvement Committee (QIC) meetings. The Work Plan is developed annually and is approved by the QIC and Board.

Section 8

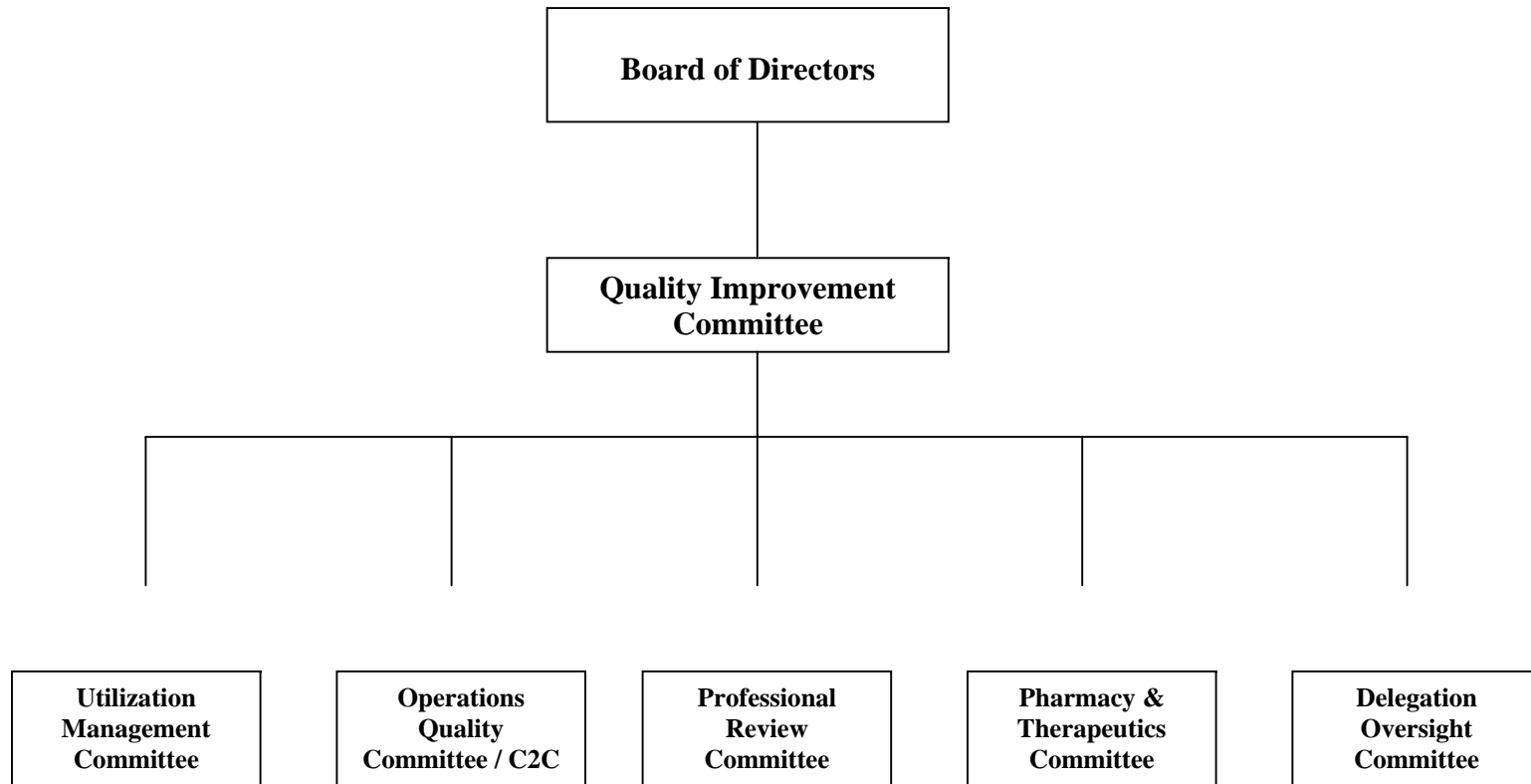
Appendices

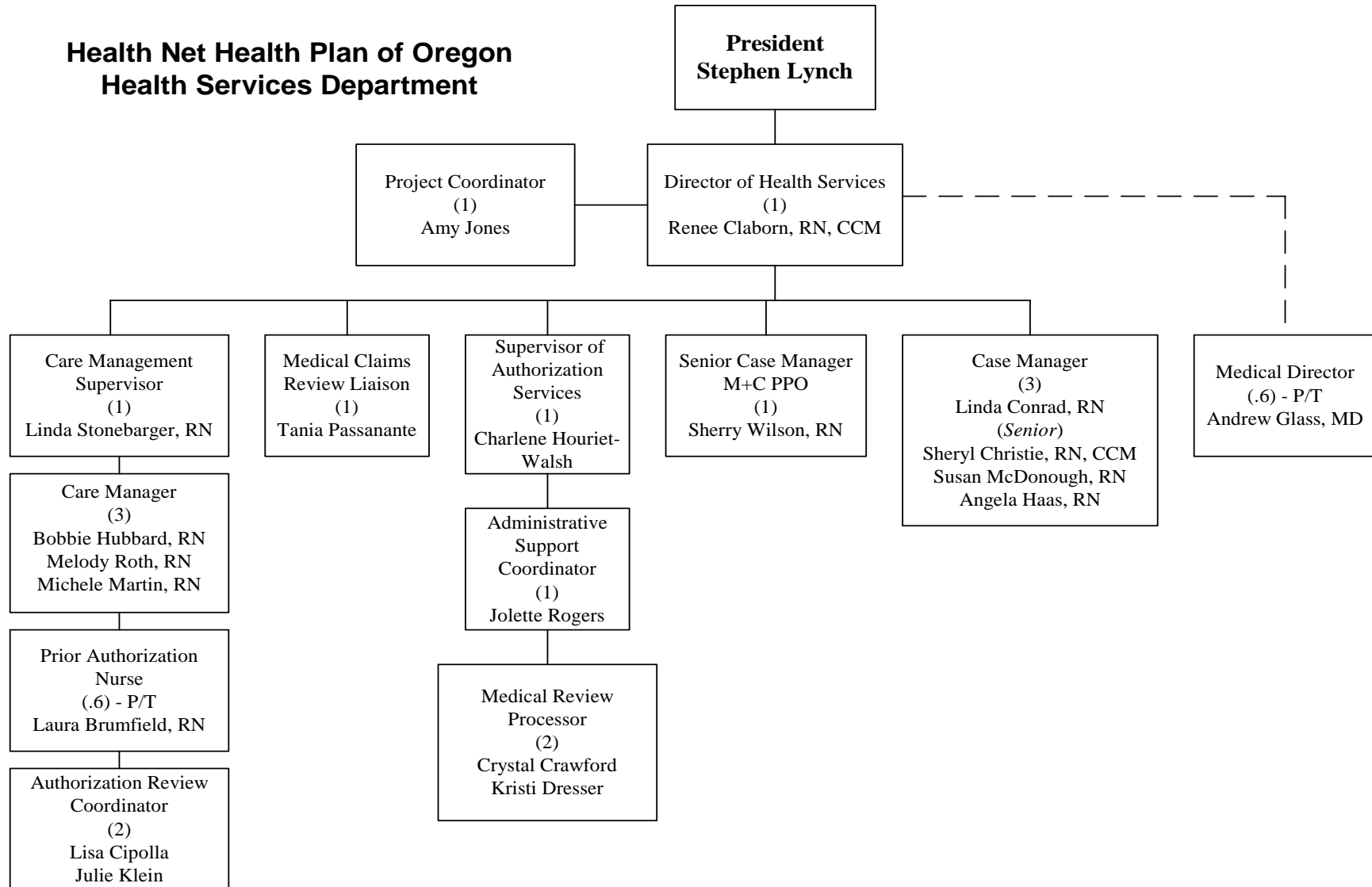
Appendices

Appendix I: Organizational Structure and Resources

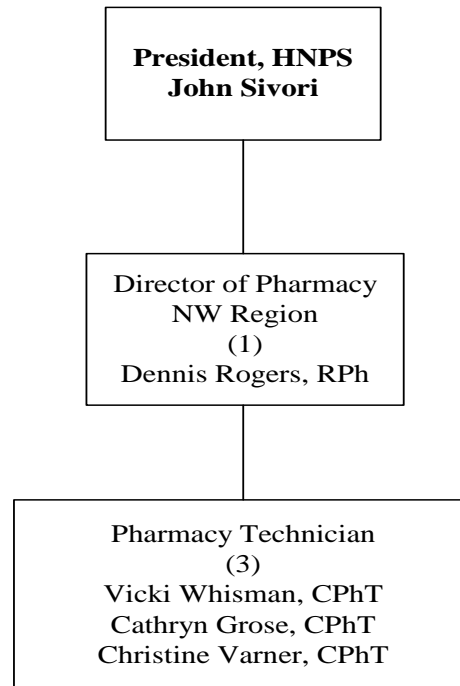
- HNOR Quality Improvement Committee Schematic
- HNOR Health Services Department Organizational Chart
- Health Net Pharmaceutical Services (HNPS) NW Region Organizational Chart
- HNOR Delegated Activities

**Health Net Health Plan of Oregon
Quality Improvement Committee Schematic**



**Health Net Health Plan of Oregon
Health Services Department**


Health Net Pharmaceutical Services
Northwest Region



Health Net of Oregon Delegated Utilization Management Functions

Initial Date: August 2002

Reviewed and Revised: October 2002; December 2004

Vendor Name	Functions Performed	Frequency of Onsite / Review Month
Managed Health Networks	Utilization Management	Annually / November
North American Health Plan	Utilization Management	Annually / September
American Specialty Health Network	Utilization Management	Annually / December
First Choice	Utilization Management	Annually / October