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Transmittal Sheet

W.J. "BILL" McCuen
SECRETARY OF STATE
LITTLE ROCK, ARKANSAS

BY _____

W.J. "Bill" McCuen
Secretary of State
State Capitol
Little Rock, Arkansas 72201-1094

For Office
Use Only:

Effective Date 12-31-90 Code Number 007.05 90-004

Name of Agency Division of Health Facility Services

Department of Health

Contact Person Valetta M. Buck Telephone 661-2201

Statutory Authority for Promulgating Rules Act 454 of 1975

Intended Effective Date		Date
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<input type="checkbox"/> Other	Reviewed by Legislative Council	<u>Nov 19, 1990</u>
	Adopted by State Agency	<u>Oct 25, 1990</u>

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance With Act 434 of 1967 As Amended.

Valetta M. Buck
SIGNATURE

Director, Division of Health Facility Services

TITLE

December 11, 1990

DATE

007.05.90--004

RULES AND REGULATIONS FOR HEALTH MAINTENANCE ORGANIZATIONS IN ARKANSAS
(1977 Edition - Act 454 of 1975)

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STATE OF ARKANSAS
LITTLE ROCK, ARKANSAS
BY _____

Amendment No. 1 - Chapter II Regulations, Part One, Section I - Definitions: Q

Utilization Review Plan means a system for reviewing the appropriate and efficient allocation of hospital resources and medical services given or proposed to be given to a patient or group of patients. More specifically, utilization review refers to preservice determinations of the medical necessity or appropriateness of services to be rendered either on an inpatient or outpatient basis, when such determination results in approval or denial, or recommendation of approval or denial, of payment for the services. It includes both prospective and concurrent review of such services.

RULES AND REGULATIONS FOR HEALTH MAINTENANCE ORGANIZATIONS IN ARKANSAS
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Amendment No. 2 - Chapter II Regulations, Part One, Section I - Definitions: R

Private Review Agency means a non-hospital entity performing utilization review that is either affiliated with, under contract with, or acting on behalf of an Arkansas business entity or a third party that provides or administers hospital and medical benefits to citizens of this state including a Health Maintenance Organization or any entity offering health insurance policies, contracts or benefits in this state including a health insurer, non-profit health service plan, health insurance service organization, or preferred provider organization.

RULES AND REGULATIONS FOR HEALTH MAINTENANCE ORGANIZATIONS IN ARKANSAS

(1977 Edition - Act 454 of 1975)

Amendment No. 3 - Part Five, Statistical Information, A.3.

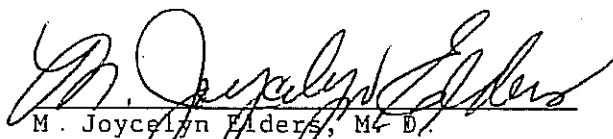
A Health Maintenance Organization shall develop a utilization review plan that includes:

1. A description of review standards and procedures to be used in evaluating proposed or delivered hospital and medical care;
2. The provisions by which patients, physicians or hospitals may seek reconsideration or appeal of adverse decisions;
3. The type and qualifications of the personnel performing utilization review.
4. The policies and procedures to insure that a utilization review representative is reasonably accessible to patients and providers five (5) days a week during normal business hours in this state;
5. The policies and procedures to insure that all applicable state and federal laws to protect the confidentiality of individual medical records are followed.
6. Compliance with all relevant provisions of rules and regulations promulgated pursuant to Act 537 of 1989.

If a private review agent performs the utilization review, that entity must meet the requirements of Act 537 of 1989.

CERTIFICATION

This is to certify that the foregoing Amendments Nos. 1, 2 and 3 to the Rules and Regulations for Health Maintenance Organizations in Arkansas were adopted by the Arkansas State Board of Health at a regular session of said Board held in Little Rock, Arkansas on the 25th day of October, 1990.



M. Joycelyn Eiders, M.D.
Secretary of Arkansas State Board of Health
Director, Arkansas Department of Health

The foregoing Rules and Regulations, copy having been filed in my office, are hereby approved on this 3rd day of December, 1990.



Bill Clinton
Governor

**RULES AND REGULATIONS
FOR
HEALTH MAINTENANCE ORGANIZATIONS
IN
ARKANSAS**

ARKANSAS DEPARTMENT OF HEALTH

Rex C. Ramsay, Jr., M.D.

Director

1977

Complied by: Bureau of Health Facility Services

Arkansas Department of Health

**This Agency operates in compliance with Title VI of the Civil Rights Act and
does not discriminate on the ground of race, color or national origin.**

PREFACE

These rules and regulations have been prepared for the purpose of establishing a criterion for minimum standards for the licensure and operation of Health Maintenance Organizations in Arkansas that is consistent with current trends in patient care practices. By necessity they are of a regulatory nature but are considered to be practical minimum design and operational standards for these facilities. These standards are not static and are subject to periodic revisions in the future as new knowledge and changes in patient care trends become apparent. However, it is expected that Health Maintenance Organizations will exceed these minimum requirements and that they will not be dependent upon future revisions in these standards as a necessary prerequisite for improved services. Health Maintenance Organizations have a strong moral responsibility for providing a progressive, preventive health program which assures that adequate medical care is available and acceptable to all enrollees.

Rex C. Ramsay, Jr., M.D.

State Health Officer

Chapter I

Authority

The following Rules and Regulations for Health Maintenance Organizations in Arkansas are duly adopted and promulgated by the Arkansas Department of Health pursuant to the authority expressly conferred by the laws of the State of Arkansas in Act 454 of 1975.

CHAPTER II
REGULATIONS

PART ONE

DEFINITIONS, GENERAL REQUIREMENTS, ESTABLISHMENT OF HEALTH MAINTENANCE
ORGANIZATION, ISSUANCE OF CERTIFICATES OF AUTHORITY

SECTION I - Definitions

- A. Administrator: Person responsible for the management of the Health Maintenance Organization.
- B. Commissioner: The Commissioner of Insurance.
- C. Director: The Director of the Arkansas Department of Health.
- D. Enrollee: An individual who has been enrolled in a health care plan.
- E. Evidence of Coverage: Any certificate, agreement, contract, identification card, or document issued to an enrollee setting out the coverage to which he is entitled.
- F. Health Care Plan: Any arrangement whereby any person undertakes to provide, arrange for, pay for, or reimburse any part of the cost of any health care services and at least part of such arrangement consists of arranging for or the provision of health care services, as distinguished from mere indemnification against the cost of such services, on a prepaid basis through insurance or otherwise.
- G. Health Care Services: Any services included in the furnishing to any individual of medical or dental care, or

hospitalization or incident to the furnishing of such care or hospitalization, as well as the furnishing to any person of any and all other services or goods for the purpose of preventing, alleviating, curing, or healing human illness or injury.

- H. Health Maintenance Organization: Any person which undertakes to provide or arrange for one or more health care plans; a legal entity which provides or arranges for the provision of basic and supplemental health services to its members in the manner prescribed by, is organized and operated in the manner prescribed by, and otherwise meets the requirements of Act 454 of 1975.
- I. Hospital: As defined in the Rules and Regulations for Hospitals and Related Institutions in Arkansas as promulgated by the Arkansas Board of Health in 1969.
- J. Inpatient Medical Care: Shall include, but is not limited to, medical and surgical care received in a hospital.
- K. Medical Director: A physician licensed to practice in the State of Arkansas.
- L. Outpatient Services: Means those services which may be rendered in, but are not limited to clinics, private offices, pharmacies and hospital-based outpatient services as a minimum, and may include but are not limited to outpatient surgery centers, and radiation therapy centers.

- M. Person: Any natural or artificial person including but not limited to individuals, partnerships, associations, trusts, or corporations.
- N. Peer Review: A review of decisions and actions by one's peers within the organizational structure of the Health Maintenance Organization. All Committees shall be multi-disciplinary, including at least one of each profession represented.
- O. Pharmacy: A facility which possesses the appropriate permit from the Arkansas State Board of Pharmacy.
- P. Provider: Any person who is licensed in this State to furnish health care services as a health professional. For the purposes of this Act, the term health professional means physicians, dentists, optometrists, nurses, podiatrists, pharmacists and such other individuals engaged in the delivery of health services as are or may be designated under U.S. Public Law 93-222 same being the Health Maintenance Organization Act of 1973 or any amendment thereto or regulation adopted thereunder.

No person shall perform any of the services or procedures or sell or dispense any goods or devices in the field of the healing arts for which a license is required under the laws of the State of Arkansas unless such person holds a valid license authorizing him or her to perform

said procedures or render such services or sell or dispense such goods or devices. A valid license is a license from Arkansas or from the State where services are provided.

SECTION II - General Requirements

- A. The Health Maintenance Organization shall develop and institute health care services which assure the enrollees adequate medical care which is available, accessible and continuously in accordance with the enrollees' plan.
- B. A progressive, preventive health program is required which is developed according to the prevailing health factors predominate in the enrollee population.
- C. Unless otherwise indicated the Plan is to provide for arrangements which would satisfy any and all health care needs of enrollees. Exceptions are to be identified as exemptions from coverage.

SECTION III - Issuance of Certificate of Authority

- A. Upon receipt of an application for issuance of a Certificate of Authority, the Commissioner shall transmit copies of the application and accompanying documents to the Director. The Director shall determine whether the applicant meets the requirements for receipt of a Certificate of Authority.

B. If the Director of the Department of Health certifies that the health maintenance organization does not meet such requirements, he shall specify in what respects it is deficient. However, the Director of the Department of Health shall not certify that such requirements are not met unless the proposed health maintenance organization has been given an opportunity to comment on the proposed findings of deficiency. If requested by the proposed health maintenance organization, the Director of the Department of Health shall hold a hearing on his proposed finding of deficiency.

PART TWO
ORGANIZATION, GOVERNING BODY

SECTION I - Organization:

A. The Health Maintenance Organization will be organized in a manner which demonstrates that it has the legal qualifications, authority and potential ability to assure that such health care services will be provided in a manner to assure both availability and accessibility of adequate personnel and facilities and in a manner enhancing availability and continuity of service. The primary responsibility of a Health Maintenance Organization lies in providing quality health care services on a prepaid basis without regard to the type and number of services actually rendered. The Health Maintenance Organization shall provide and/or cause to be provided:

1. Emergency care;
2. Inpatient hospital and medical-surgical care;
3. Outpatient services.

These services are provided for the purposes of preventing, alleviating, curing or healing human illness or injury.

- B. A governing body, person, or persons legally responsible for the operation of the Health Maintenance Organization shall provide the following:
1. A copy of the agreement, contract, or policy which the Health Maintenance Organization proposes to issue to subscribers which describes the scope of the health care services it renders as permitted by law to enrollees either directly by a provider staff or through arrangement with other.
 2. The names of all physicians and providers (giving their license number) business address, specialty where applicable, (board certification or eligibility), and medical or hospital staff privileges of hospitals used or by which the Health Maintenance Organization has a contractual arrangement.
 3. For the maintenance of a list of the above information.
 4. The appointment of a full-time chief executive officer.
 5. The appointment of a medical director either full-time or part-time in accordance with the demands of that office. The medical director may serve as the chief of the medical staff. Medical

staff bylaws, rules, regulations, or other appropriate means are required to include provisions for the delivery of health services by physicians and professional health care providers, licensed or duly authorized to practice in the State of Arkansas. Other providers, as required, to support the medical staff must be available in order to assure that the enrollee receives health care services with continuity and without unreasonable periods of delay.

6. An ongoing procedure and program to monitor the effectiveness of the quality of the health care requirements set forth herein. The program shall include, but is not limited to, a procedure for peer review.

SECTION II - Governing Body

- A. The governing body of any Health Maintenance Organization shall include at least one physician, one dentist, one pharmacist, and one nurse, all of whom shall be licensed in the State of Arkansas; plus one enrollee and one consumer. These members of the governing body shall be residents of Arkansas.
- B. Such governing body shall establish a mechanism to afford the enrollees an opportunity to participate in matters of policy operation through the establishment of advisory

panels, by the use of advisory referenda on major policy decisions, or through the use of other mechanisms.

PART THREE
FACILITIES AND ENVIRONMENT, SERVICES

SECTION I - Facilities and Environment:

A. Facilities owned and/or operated by the Health Maintenance Organization.

1. There shall be sufficient equipment for examination and treatment in accordance with enrollee contracts.
2. Prepare and furnish a list containing the name and location of the facility or facilities other than the home base, if any. List the services offered at each facility location and the service hours, including evenings and holidays. Such lists shall be available to the Director and the enrollees.
3. The Director shall be notified at least one month in advance of any major changes in the scope of services to be offered to enrollees and shall approve such changes.

B. If all or part of the Health Maintenance Organization services are to be performed by contract with providers of service, the following shall pertain:

1. Said providers of service shall be licensed or registered according to applicable state and local laws.

2. Said services being contracted for must be clearly identifiable.

SECTION II - Services

The requirements of this section are applicable to the categories of services listed as available under the health care plan. The Health Maintenance Organization may wish to provide such services directly or arrange for their provision according to the specific requirement of the plan. Any outside resources with which the Health Maintenance Organization contracts must be approved by the Director.

- A. Emergency Care: Policies and procedures shall be developed pertaining to emergency services delineating services that include after-office-hour provider services.
- B. Inpatient Hospital and Medical Care: An agreement with at least one general hospital shall be obtained to assure immediate access to hospital care as needed.
- C. Outpatient Services:
 1. Ambulatory outpatient services shall be provided.
 2. The outpatient services shall, as a minimum have an ongoing preventive health program.
 3. Diagnostic Laboratory Services: Each Health Maintenance Organization shall have diagnostic laboratory services commensurate with the needs of its members available.

D. Laboratory:

1. The laboratory shall be under the direction of a member of the medical staff and shall be supervised by a trained laboratory technologist. As a minimum, a board certified pathologist will provide a monthly consultative visit.
2. Adequate provision shall be made for laboratory examinations for major necessary testing in the following areas except as exempted under Item 9 of this section:
 - (1) Clinical Chemistry
 - (2) Pathology
 - (3) Microbiology
 - (4) Hematology
 - (5) Serology
 - (6) Urinalyses
3. Equipment shall be of acceptable quality, be in good repair and precise in calibration.
 - (1) An emergency eye washer shall be present in the lab.
 - (2) A preventive maintenance program on all major lab instruments shall be developed and followed.
 - (3) The lab shall subscribe to at least one external nationally recognized basic proficiency testing program. If a lab offers tests in the discipline of microbiology, it must also subscribe to either an external, nationally recognized

comprehensive microbiology series, or to the Arkansas Department of Health microbiology proficiency testing program.

(4) Daily temperature checks should be made and recorded on all items requiring exact temperatures.

(5) Used syringes and needles shall be broken or clipped before discarding.

(6) Routine urinalyses should be performed within two hours of collection.

(7) Screening tests with positive results for urine sugar and protein shall be confirmed by more accurate methods.

(8) Antibiotic sensitivities shall be performed by a method in which the diameter of the no-growth zone is measured. Mueller-Hinton Agar in 150mm petri dishes should be used.

(9) Old cultures shall be autoclaved before discarding.

(10) Reference material (standard or control) shall be run in such a manner and often enough as to be statistically valid.

(11) Wavelength calibration of spectrophotometers shall be verified on each day of use and results recorded.

4. Laboratory Organization:

(1) Written policies and procedures shall be established for the laboratory services.

(2) A written list of test performed by the laboratory shall be available to members of the medical staff.

(3) Current reference books must be available for every laboratory discipline offered by the institution.

5. A trained laboratory technologist or equivalent shall be on duty or on call at all times.
6. All laboratory tests performed shall be authorized by an order signed by a physician, except for laboratory work necessary for checking bacterial counts in connection with eating utensils, linens, and floors such as those in the operating room, delivery room, etc.
7. It shall be the responsibility of the laboratory director as directed by the administrator of the Health Maintenance Organization to perform the necessary laboratory tests and maintain sufficient records to substantiate the results of the test and the fact that the tests were performed in all areas where bacterial controls and checks are necessary for the proper control of cross infections.

8. Two copies of all laboratory reports shall be prepared. A copy signed by the person responsible for the report shall be maintained in the laboratory file and a copy shall be attached to the patient's medical record.
9. Where laboratory services within house are limited, arrangements shall be made with other laboratories approved by the Arkansas State Board of Health or by the U.S. Public Health Service or agency thereof to supplement existing services.

E. Pharmacy Services

1. The plan of pharmacy services provided by the Health Maintenance Organization shall be under the supervision of the Director of Pharmaceutical Services and shall assure quality of and accessibility to pharmaceutical services.
2. Pharmacy services to enrollees shall be provided by a pharmacy as defined in these regulations.
3. The plan of pharmacy services shall include an acceptable drug utilization review and claims processing system.
4. The Pharmacy Director shall develop policies and procedures that would include methods for procurement, storage, dispensing and drug control.

If the Health Maintenance Organization has a pharmacy department, a licensed pharmacist with a permit from the Board of Pharmacy must be employed to administer the pharmacy in accordance with all State and Federal laws regarding drugs and drug control.

- F. Other Services: Other services shall be available in accordance with those specified in the health care plan.

PART FOUR
MEDICAL RECORDS

- A. Medical records shall be maintained by the Health Maintenance Organization or the appropriate physician and/or provider of service.
- B. Arrangements shall be made for the sharing of pertinent medical records among providers participating in the Health Maintenance Organization, while assuring the records confidentiality.
- C. Medical records of individual enrollees shall be subject to examination by the Department of Health regardless of whether the services are provided directly or under contract.
- D. Records shall be maintained for a minimum of five years after date of termination of contract or in the case of a minor five years after attaining the age of majority.

PART FIVE
STATISTICAL INFORMATION

A. The Health Maintenance Organization will compile, develop, evaluate and report, as may be requested and in the form indicated, statistics relating to the cost of operation, the pattern of utilization of services, the accessibility and availability of the services. Sufficient information shall be maintained to support continuity and adequate quality of care to the enrollees.

1. Membership File: A membership file shall include:
 - a. Name of the individual and, if other than the individual, also the name and address of the subscriber;
 - b. Individual's identification number;
 - c. Date of birth;
 - d. Sex;
 - e. Entry date and reentry;
 - f. Exit date and reason(s);
 - g. Date of most recent verification of information;
 - h. Such other information as the Commissioner or Director may require.
2. Every Health Maintenance Organization shall annually, on or before the first day of March, file a

report verified by at least two principal officers with the Commissioner with a copy to the Director of the Arkansas Department of Health covering the preceding calendar year. It shall include a summary of the statistical information required by Part Five of these regulations.

PART SIX
QUALITY OF CARE

The Director shall make an examination concerning the quality of health care services of any Health Maintenance Organization as often as he deems it necessary for the protection of the interests of the people of this State but not less frequently than once every three years. Evaluation shall be based on, but not limited to, the following:

- A. The effectiveness of monitoring the quality of care.
- B. A medical referral system which is both available and accessible.
- C. Continuing education programs to upgrade the expertise of all professional and non-professional personnel.
- D. The number of enrollees. Cognizance will be taken of other quality assurance programs.

PART SEVEN
COMPLAINT SYSTEM

- A. Every Health Maintenance Organization shall establish and maintain a complaint system which has been approved by the Commissioner after consultation with the Director to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning health care services.
- B. Each Health Maintenance Organization shall submit to the Commissioner and the Director an annual report which shall include:
1. A description of the procedures of such complaint system;
 2. The total number of complaints handled through such complaint system and a compilation of causes underlying the complaints filed;
 3. The number, amount, and disposition of malpractice claims settled during the year by the Health Maintenance Organization and any of the providers used by it.
 4. Summary of the disposition of complaints.
- C. The complaint system and procedures of the Health Maintenance Organization shall include:

1. A mechanism through which written enrollee complaints may be filed and/or presented by the enrollee or his authorized representative.
 2. The source of the complaint, and the date filed.
 3. A written critique of the complaints will be on file.
 4. Provision for information discussions, consultations or conferences between the complainant and a person of authority to resolve or recommend the resolution of the complaint within thirty (30) days.
 5. A description of the conclusions and/or results.
- D. The Commissioner or the Director may examine such complaint system, subject to the limitation concerning medical records of individuals.

CHAPTER III
GENERAL INFORMATION

PART I
EXAMINATION EXPENSE

The expenses of examinations shall be assessed against the organization being examined and remitted to the Commissioner or the Director for whom the examination is being conducted.

PART II
ATTACHMENT OF ACT 454 of 1975

For purposes of information a copy of Act 454 of 1975 is included with these Rules and Regulations.

CHAPTER IV

REPEAL

All regulations and parts of regulations in conflict herewith are repealed.

CHAPTER V

CERTIFICATION

This will certify that the foregoing rules and regulations for Health Maintenance Organizations in Arkansas were adopted by the Arkansas Department of Health at a regular executive session of same held in Little Rock, Arkansas on the twentieth day of January, 1977.

Rex C. Ramsay, Jr., M.D.

Secretary of Arkansas State Board of
Health

Director, Arkansas Department of Health

Dated at Little Rock, Arkansas, this tenth day of May, 1977. The foregoing Rules and Regulations, copy having been filed in my office, are hereby approved on this tenth day of May, 1977.

David Pryor

Governor