

ADDITIONAL REGULATIONS NOTICE INFORMATION  
(AS 44.62.190(d))

1. Adopting agency: Division of Insurance, Department of Commerce, Community, and Economic Development
2. General subject of regulation: Health care insurer regulations to provide standards and criteria relating to utilization review and benefit determinations, grievance procedures, and external reviews along with changes relating to the registration and regulation of independent review organizations including the establishment of a registration fee.
3. Citation of regulation (may be grouped): 3 AAC 28.900 – 3 AAC 28.999; 3 AAC 31.060
4. Department of Law file number, if any: \_\_\_\_\_
5. Reason for the proposed action:
  - (x) Compliance with federal law or action (identify): The Patient Protection and Affordable Care Act (Public Law 111-148 and the Health Care and Education Reconciliation Act (Public Law 111-152).
  - (x) Compliance with new or changed state statute
  - ( ) Compliance with Federal or state court decision (identify) \_\_\_\_\_
  - (x) Development of program standards
  - ( ) Other (identify): \_\_\_\_\_
6. Appropriation/Allocation: Insurance Operations/Insurance Operations
7. Estimated annual costs in the aggregate to comply with the proposed action to:

A private person: Health care insurers are required to comply with the proposed utilization review and benefit determination regulations only if they decide to provide or perform such reviews. No additional costs are expected for those health care insurers already conducting reviews. For those health care insurers not providing or conducting reviews that decide to do so, the savings resulting from the reviews should more than offset the cost of compliance with the regulations.

The grievance procedures and external review regulations replace the former provisions in AS 21.07 relating to the same subject that were repealed by the same legislation that authorized the adoption of these regulations. Further, federal law already requires health care insurers to have grievance procedures and to comply with external reviews. Therefore, no additional costs are anticipated.

Independent review organizations (IROs) currently are appointed, or contracted for, to provide external reviews by the health care insurers. Under the proposed regulations, the director of the division of insurance would appoint IROs on a rotating basis to perform the external reviews and would require them to register with the division and pay a \$1,000 biennial registration fee. The aggregate cost for the registration fee is estimated to be \$5,000 to \$10,000 biennially.

Another state agency: None are anticipated.

A municipality: None are anticipated.

8. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY <u>18</u>	Subsequent Years
Operating Cost	\$ <u>0</u>	\$ <u>0</u>
Capital Cost	\$ <u>0</u>	\$ <u>0</u>
1002 Federal receipts	\$ <u>0</u>	\$ <u>0</u>
1003 General fund match	\$ <u>0</u>	\$ <u>0</u>
1004 General fund	\$ <u>0</u>	\$ <u>0</u>
1005 General fund/ program	\$ <u>0</u>	\$ <u>0</u>
Other (identify)	\$ <u>0</u>	\$ <u>0</u>

9. The name of the contact person for the regulation:

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10. The origin of the proposed action:

Staff of state agency  
 Federal government  
 General public  
 Petition for regulation change  
 Other (identify) New state legislation (Chapter 41 SLA 16)

11. Date: 8/23/17 Prepared by: Chip Wagoner  
[signature]

Name (printed): Chip Wagoner  
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