304.38-225 Requirements for health maintenance organization that provides hospital benefits coverage and requires utilization review of benefits.

(1) Every health maintenance organization in this state which provides coverage of hospital benefits and requires the utilization review of such benefits or administers a health benefit program which provides for the coverage of hospital benefits and requires the utilization review of such benefits by a private review agent shall:

   (a) Be a registered private review agent in accordance with KRS 304.17A-607 and administrative regulations promulgated under the authority of KRS 304.17A-613; or

   (b) Contract with a private review agent that has been registered in accordance with KRS 304.17A-607 and administrative regulations promulgated under the authority of KRS 304.17A-613.

(2) Notwithstanding any other provision of KRS 304.17A-603, 304.17A-605, 304.17A-607, 304.17A-609, 304.17A-611, 304.17A-613, and 304.17A-615, a health maintenance organization shall not deny or reduce payment of health benefits to any person, licensed practitioner, or health facility for covered services which have been rendered to an insured unless:

   (a) Notice of denial has been issued. The notice shall inform patients, authorized persons, and health-care providers of their right to appeal adverse determinations of a utilization review by the insurer, its designee, or private review agent to the insurer for the internal review process established by the insurer in accordance with KRS 304.17A-617 and 304.17A-619. The notice shall also include instructions on filing an internal appeal; and

   (b) The health maintenance organization is in compliance with subsection (1) of this section.