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Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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LINDA RUTHARDT
Commissioner of Insurance

Bulletin No. 00-12

To: **Commercial Health Insurers, Blue Cross and Blue Shield of Massachusetts (BCBSMA), Health Maintenance Organizations**

From: Linda Ruthardt, Commissioner of Insurance

Re: **Certain New Requirements for the Oversight of Managed Care**

Date: September 8, 2000

This bulletin is to inform carriers of certain provisions of Chapter 141 of the Acts of 2000 (Chapter 141), which was signed into law on July 21, 2000. Among its provisions, Chapter 141 directs changes to the delivery of managed care in Massachusetts and creates new oversight bureaus within existing state agencies.

Chapter 141 establishes new procedures for the licensing of Health Maintenance Organizations (HMOs) under M.G.L. c. 176G and creates M.G.L. c. 176O (Chapter 176O) to be jointly enforced by the newly created Managed Care Bureau (MCB) within the Division of Insurance and the Office of Patient Protection (OPP) within the Department of Public Health. Chapter 176O includes the following provisions:

- Authorizes the Division of Insurance to promulgate regulations to establish minimum standards for the annual accreditation of carriers subject to the law. Carriers will be expected to satisfy minimum accreditation standards for utilization review, quality management and improvement, credentialing, preventive health services, provider contracting, and consumer disclosure. The MCB is authorized to investigate complaints against a carrier for noncompliance with the accreditation requirements.
- Sets forth requirements regarding provider contracting, health plan evidences of coverages, provider directories, and utilization review.
- Authorizes the OPP to enforce the provisions of sections 13 through 16 of Chapter 176O, including the promulgation of regulations associated with medical necessity, access to certain providers in health plans, internal/external review systems, and the establishment of an external review system for the review of grievances submitted pursuant to section 14 of Chapter 176O.

Chapter 141 also authorizes the OPP to assist consumers with questions regarding managed care, develop Internet programs and otherwise communicate information about managed care, monitor quality-related health plan information, and develop recommendations regarding ways to improve the quality of managed care plans.

In addition, Chapter 141 authorizes the following agencies to take actions that may affect carriers offering health coverage in Massachusetts:

- The Division of Health Care Finance and Policy is directed to develop an annual health plan report card by no later than July 2001.
- The Board of Registration in Medicine is directed to promulgate regulations addressing physician investment and ownership in for-profit HMOs.
- The Office of the Attorney General is authorized to investigate transactions affecting the sale, lease, exchange or other disposition of a substantial amount of the assets of a nonprofit HMO to a person or entity other than a public charity.

Please refer to Chapter 141 for the full text of all changes and their effective dates. The Division intends to promulgate regulations as required to implement the provisions of Chapter 141, and issue additional bulletins as necessary. Questions about this bulletin should be directed to the Health Unit at the Division of Insurance, (617) 521-7349, or faxed to (617) 521-7773.