

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 12, 2001

SUBJECT: Fiscal Impact Statement: "Health Care Treatment Decisions
Utilization Review Act of 2001"

REFERENCE: Bill Number 14-179 as Introduced

Conclusion

Funds are sufficient in the FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required to implement the components of the proposed legislation and there will be no reduction in existing local General Fund revenue.

Background

The proposed legislation holds health insurance providers liable for damages as a result of imprudent performance during the review of a physician care and treatment plan for the purpose of performance and coverage. Provisions of the proposed legislation require employees, agents and representatives of health insurers to exercise the degree of care and prudence that a physician or a professional of similar nature would under the same circumstances. Additionally, provisions of the proposed legislation hold all health insurance providers liable for the medical utilization review of all cases. The medical utilization review is a formal process by which the physician's care and treatment plan is studied for its components. Among the components that require due attention are:

1. Clinical necessity;
2. Appropriateness of all care and treatments;
3. Efficiency or deficiency of health care services;
4. Efficiency or deficiency of procedures;

5. Efficiency or deficiency of instrument settings;
6. Review of ambulatory requests and procedures;
7. Prospective review;
8. Analysis of case through second opinion;
9. All certifications;
10. Concurrent review and analysis of the case;
11. Case management;
12. Discharge plan; and
13. Retrospective case review.

Additionally, provisions of the proposed legislation make allowance for the use of a loan receipt agreement when preparing for adjudication proceedings.

Financial Plan Impact

Because this legislation institutes an internal policy change that has no material impact on the cost of services provided by the District of Columbia and has no effect on General Fund revenue, this provision has no fiscal impact.