

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 992

SPONSOR: Banking and Insurance Committee and Senator Carlton

SUBJECT: Dental Service Claims--Appeals

DATE: March 20, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Emrich	Deffenbaugh	BI	Favorable/CS
2.	_____	_____	AGG	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Committee Substitute for Senate Bill 992 creates a process for patients, and dentists acting on their behalf, to appeal an adverse decision rendered regarding a claim for a dental service when such service is covered by an individual or group insurer. The appeal, which may be by telephone, would be based on a claim which had been denied as not medically or dentally necessary or which had been paid, but such payment was based on an alternate dental service. Further, the appeal would be to the insurance company's licensed dentist who is responsible for the medical necessity reviews under the insurance plan or is a member of the plan's peer review group. Such licensed dentist must respond within a reasonable time, but not to exceed 15 business days.

This bill substantially amends section 627.419, Florida Statutes.

II. Present Situation:

Under current law, for indemnity health insurance policies, each claimant, or provider acting on behalf of the claimant, who has had a claim denied as not medically necessary, must be provided an opportunity for an appeal to the insurer's licensed physician who is responsible for the medical necessity reviews under the plan (s. 627.6141, F.S.). The appeal may be by telephone, and the insurer's licensed physician must respond within 15 business days. Further, under s. 626.9541, F.S., the unfair or deceptive practices act, an insurer may be penalized for failing to acknowledge and act promptly upon communications with respect to claims, denying claims without reasonable investigations, failing to notify the insured that more information is needed to process a claim, or failing to provide an explanation in writing to the insured on the basis of the policy and law, for denial of a claim.

However, there is no provision in statute that specifically applies the appeal provision to dental services. In many cases, administrators employed by insurance companies may be making claims decisions as to appropriateness and dental necessity. Thus, patient care decisions are not necessarily being made by dentists licensed to perform dental procedures. Proponents of this bill assert that insurers should be able to obtain an opinion from a licensed dentist in appealing adverse decisions as to medical or dental necessity.

Opponents of this legislation argue that in most cases the issue as to dental claim denials concerns “cosmetic” procedures that are often not covered under dental insurance. Therefore, it is argued that a licensed dentist is not necessary to render such determinations and the requirements contained in this bill will merely drive up administrative costs to insurers which will ultimately be passed on to consumers.

Last year legislation was enacted that applied only to health maintenance organization (HMO) contracts which required adverse determinations to be made by an allopathic or osteopathic physician and required notice to patients and the provider of the reason for denial of care (s. 641.51(4), F.S., ch. 2000-56, Laws of Florida).

III. Effect of Proposed Changes:

Section 1. Amends s. 627.419, F.S. relating to the construction of insurance policies, to establish a process to appeal adverse decisions as to dental coverage. It provides that for any group or individual insurer covering dental services, that a claimant, or provider acting on the behalf of a claimant, who has had an adverse decision rendered on a claim, must be given an opportunity to appeal to the insurer’s licensed dentist who is responsible for the dentally necessary reviews under the plan or is a member of the plan’s peer review group. The appeal may be made by telephone and the insurance company’s licensed dentist must respond within 15 business days.

Section 2. Establishes an effective date of October 1, 2001.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Consumers would potentially benefit under the provisions of this bill because appeals as to dental coverage decisions will be made by licensed dentists. However, this proposal could result in increased administrative costs to insurers which will ultimately be passed on to consumers.

C. Government Sector Impact:

The Department of Insurance and the Department of Health have indicated that this bill will have no fiscal impact to either agency.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
