



Internal Claims and Appeals and the External Review Process Overview



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This information is intended only for the use of entities and individuals certified to serve as Navigators, certified application counselors, or non-Navigator assistance personnel in a Federally-facilitated Marketplace. The terms “Federally-facilitated Marketplace” and “FFM,” as used in this document, include FFMs where the state performs plan management functions. Some information in this manual may also be of interest to individuals helping consumers in State-based Marketplaces and State-based Marketplaces using the Federal Platform. This material was produced and disseminated at U.S. taxpayer expense.

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Agenda

- Summary of the Coverage Appeals Regulation
- Internal Claims and Appeals
- State External Review
- Federal External Review Programs
- Resources



Summary of the Coverage Appeals Regulation

Consumer Coverage Appeal Rights

- The Affordable Care Act (ACA) ensures a consumer's right to appeal group health plan and health insurance plan (plan and issuer) decisions, asking a plan or issuer to reconsider its decision, including, but not limited to:
 - Denying payment for a service or treatment in whole or in part,
 - Determining the consumer isn't eligible for coverage after they file a claim, or
 - Rescinding coverage based on an insurer's claim that you gave false or incomplete information when you applied for coverage.
- If the plan or issuer upholds its initial decision, the consumer may be eligible for another review (known as external review) by an independent third-party reviewer.



Consumer Coverage Appeal Rights (Cont.)

- The No Surprises Act (NSA) expanded external review rights by ensuring that:
 - Any adverse benefit determination that involves consideration of whether a plan or issuer is complying with surprise billing and cost-sharing protections under the NSA is eligible for external review.
 - Section 110 of the NSA and its implementing regulations extend these protections to grandfathered plans to make external review available to individuals enrolled in grandfathered health plans or coverage.
 - Expanded scope of external review is applicable for claims as of January 1, 2022.



Summary of Coverage Appeals Regulation

- Established by Section 2719 of the Public Health Service Act. Implementing regulations are at [45 C.F.R. 147.136](#).
- Regulations and guidance are available on the Centers for Medicare & Medicaid Services (CMS) Center for Consumer Information & Insurance Oversight (CCIIO) website at [CMS.gov/cciiio/resources/regulations-and-guidance#External Appeals](#).
- Interim final rules titled “Requirements Related to Surprise Billing; Part II” (September 2021) are at [Federalregister.gov/documents/2021/10/07/2021-21441/requirements-related-to-surprise-billing-part-ii](#).
- Consumer information is available at [HealthCare.gov/appeal-insurance-company-decision/appeals/](#).



Internal Claims and Appeals

Definitions

- **Claim**– Any request for benefits, including pre-service (prior authorization) and post-service (reimbursement)
- **Adverse Benefit Determination**–A denial, reduction, termination of, or a failure to provide or make payment (in whole or in part) for, a benefit, including any such denial, reduction, termination, or failure to provide or make payment that is based on a determination of a participant's or beneficiary's eligibility to participate in a plan, and including, with respect to group health plans, a denial, reduction, termination of, or a failure to provide or make payment (in whole or in part) for, a benefit resulting from the application of any utilization review, as well as a failure to cover an item or service for which benefits are otherwise provided because it is determined to be experimental or investigational or not medically necessary or appropriate; and any rescission of coverage
- **Rescission**–Retroactive cancellation of a health insurance policy



Ways to Appeal a Coverage Decision

- **Internal appeals** (conducted by a plan/issuer)
 - Full and fair review of its decision (i.e., its adverse benefit determination, or ABD)
 - Final internal ABD
- **External review** (conducted by an Independent Review Organization, or IRO).
 - Review of a plan's or issuer's ABD
 - Results in a final binding external review decision (issued by the IRO)



Internal Claims

- How much time do plans/issuers have to make a benefit determination?
 - Pre-service (prior authorization): **15 calendar days**
 - Post-service: **30 calendar days**
 - Urgent care: **Maximum 72 hours** (or less, depending on the medical urgency of the case)



Notice Requirements for Adverse Benefit Determinations

- Provide sufficient information to identify claim
- Describe reason(s), including specific plan provisions or scientific or clinical judgment used
- Describe any additional information needed to improve or complete the claim
- Notification of internal appeals and external review rights, the plan's review procedures, and time limits
- Notification about health insurance consumer assistance or ombudsman office availability
- Provide notification in a culturally and linguistically appropriate manner



Culturally and Linguistically Appropriate Manner

- Applicable non-English language: A non-English language is applicable when 10 percent of a claimant's county is literate only in the same non-English language(s).
- If the claimant's county meets this threshold, plans and issuers are required to provide:
 - Oral language services and assistance with filing claims and appeals (including external review) in any applicable non-English language;
 - Notices, upon request, in any applicable non-English language; and
 - In English versions of notices, a statement prominently displayed in the non-English language indicating how to access language services provided by the plan or issuer.



Internal Appeals: The Appeals Process

- What can be appealed?

- A determination that:

- The benefit isn't offered under the consumer's health plan
- The consumer received health services from a health provider or facility that isn't in their plan's approved network
- The requested service or treatment is "not medically necessary"
- The requested service or treatment is an "experimental" or "investigative" treatment
- The consumer is no longer enrolled or eligible to be enrolled in the health plan
- It is revoking or canceling the consumer's coverage going back to the date they enrolled because the plan or issuer claims that the consumer did something that constitutes fraud or made an intentional misrepresentation of material fact, as prohibited by the terms of the plan or coverage



Internal Appeals: The Appeals Process (Cont.)

- How long does a consumer have to file an internal appeal?
 - 180 days from receipt of denial
- How to file an internal appeal?
 - Generally, in writing (unless urgent – then oral is acceptable)



Internal Appeals: Necessary Documentation

- A claimant should keep copies of all information related to a claim and denial, including:
 - Explanation of Benefits forms or letters
 - Copy of request for internal appeal
 - Any additional information
 - Copy of any letter/form signed, if an authorized representative filed appeal
 - Notes and dates from any conversations



Internal Appeals: Additional Information

- How many levels of internal appeal?
 - Group market: One or two
 - Individual market: One
- How long before a decision is made for internal appeals?
 - Pre-service (prior authorization): **30 calendar days**
 - Post-service: **60 calendar days**
 - Urgent care: **Maximum 72 hours** (or less, depending on the medical urgency of the case)



Internal Appeals: Claimant Rights

- The claimant has a right to a full and fair review.
 - They have the opportunity to review and respond to any evidence or rationale under consideration.
 - Reviewers must not have any conflicts of interest.
- Plans/issuers are required to provide continued coverage pending the outcome of an appeal.
 - Concurrent care decisions: If a plan/issuer has approved an ongoing course of treatment, it must provide an opportunity for an appeal or review before reducing or terminating coverage (except where reduction or termination is due to a plan amendment or termination).



Special Situations: Urgent Care

Definition of Urgent Care:

- The standard appeal timeframe could seriously jeopardize a claimant's life or health or ability to regain maximum function; or
- In the opinion of a physician with knowledge of the claimant's medical condition, the standard appeal timeframe would subject a claimant to severe pain that cannot be adequately managed without the care or treatment that is the subject of the claim.



Special Situations: Urgent Care (Cont.)

- A claimant may file orally, and notice of an appeal decision may be oral (must be followed by a written notice within three days).
- Individuals in urgent care situations may initiate an internal appeal and external review simultaneously.



Special Situations: Deemed Exhaustion

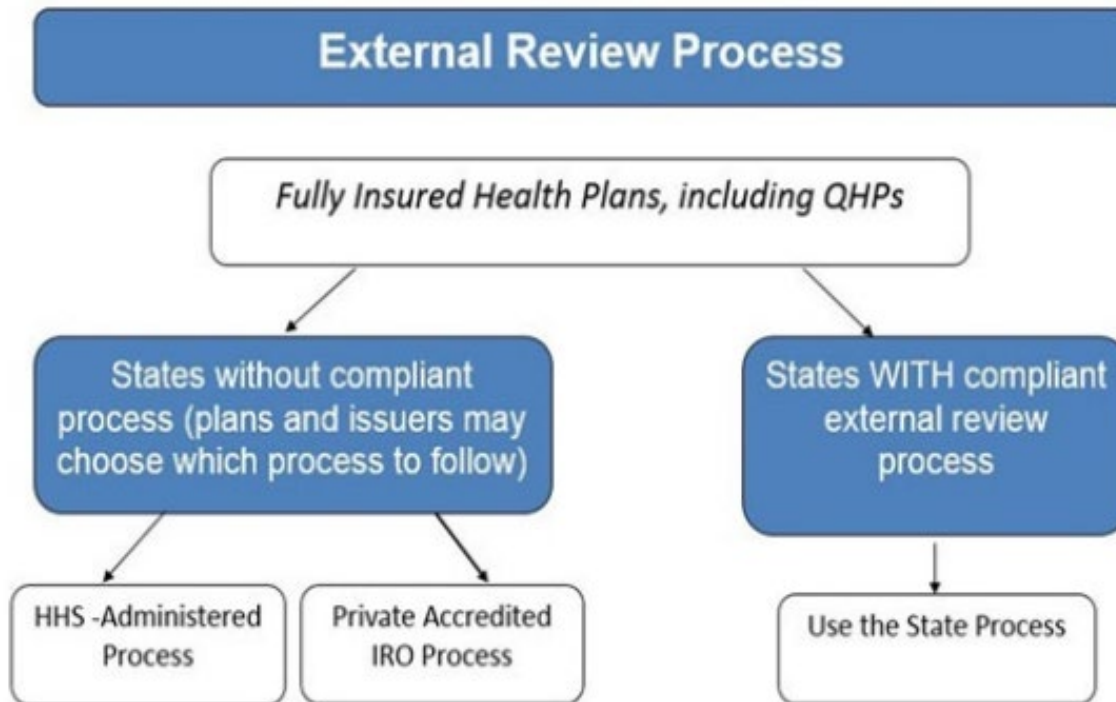
In the following cases, an internal appeal is deemed exhausted, allowing a consumer to move to an external review without completing the internal appeals process:

- The plan or issuer waives an internal appeal;
- Urgent-care situations (expedited external review may be initiated at the same time as expedited internal appeal); and
- Failure to comply with all requirements of the internal appeals process except in cases where the violation was:
 - De minimis;
 - Non-prejudicial;
 - Attributable to good cause or matters beyond the plan's or issuer's control;
 - In the context of an ongoing good-faith exchange of information; and
 - Not reflective of a pattern or practice of non-compliance.



State External Review

External Review Process



* A list of state external review processes is available at [CMS.gov/CCIIO/Resources/Files/external appeals](https://www.cms.gov/CCIIO/Resources/Files/external_appeals). States listed in the “Meets Parallel” column have a compliant state external review process that “parallels” federal standards. States listed in the “HHS Administered Process/Independent Review Organization Process” column do not have a compliant state external review process, and health insurance plans and issuers in those states must follow a federal external review process.

Minimum Requirements for State External Review

Standard	State Minimum Review Standards
Scope	External review of ABDs based on medical necessity, appropriateness, health care setting, level of care, effectiveness of a covered benefit, or No Surprises Act (NSA) compliance matters.
Notice	Effective written notice of right to external review
Deemed Exhaustion	<ul style="list-style-type: none"> ▪ Issuer (or plan) waives exhaustion requirement ▪ Failure to comply with internal appeals requirements (except de minimis violations) ▪ Claimant simultaneously requests expedited internal appeal and external review
Filing Fee	<ul style="list-style-type: none"> ▪ Plan or issuer must pay the cost of an IRO conducting the external review. ▪ State laws that expressly allowed a filing fee as of November 18, 2015, may continue to allow nominal filing fees.
Claims Threshold	No minimum dollar amount on claim

Minimum Requirements for State External Review (Cont.)

Standard (Cont.)	State Minimum Review Standards (Cont.)
Time to File an External Review Request	At least four months
IRO Assignment	IRO assigned on a random, rotational, or other independent/impartial basis
IRO Accreditation	State must maintain a list of nationally accredited IROs
Notice of Expedited External Review Decision	<ul style="list-style-type: none"> ▪ Within 72 hours maximum (or less, depending on medical urgency) ▪ If decision is provided orally, then written decision must be sent within 48 hours of oral decision
Conflict of Interest	No IRO/clinical reviewer can have a conflict of interest (COI) (e.g., material, professional, familial, or financial COI with the issuer, claimant, provider)
Submission of Additional Information	<ul style="list-style-type: none"> ▪ The IRO must consider additional information submitted by the claimant ▪ The claimant must be notified of their right to submit additional information ▪ The claimant has five business days to submit additional information ▪ The IRO has one business day to forward to issuer (or plan)

Minimum Requirements for State External Review (Cont.)

Standard (Cont.)	State Minimum Review Standards (Cont.)
Binding	Decision is binding on plan or issuer and claimant
Notice of Standard External Review Decision	Within 45 days
Description of External Review	Description of external review process in Summary Plan Descriptions (SPDs) or other evidence of coverage
Written Records	IRO must maintain written records for three years, substantially similar to Section 15 of National Association of Insurance Commissioners (NAIC) Uniform Model Act
Experimental/Investigational Review Procedures	Process for experimental/investigational treatment, substantially similar to Section 10 of NAIC Uniform Model Act

Expansion of External Review to Include NSA Compliance Matters

- Effective January 1, 2022, the NSA and implementing regulations expanded the types of ABDs eligible for external review related to a health plan's or issuer's compliance with NSA protections such as:
 - Patient cost sharing and surprise billing for emergency services;
 - Patient cost sharing and surprise billing protections related to non-emergency care provided by nonparticipating providers at participating facilities;
 - Whether patients are in a condition to receive notice and provide informed consent to waive NSA protections; and
 - Whether a claim for care received is coded correctly and accurately reflects the treatments received and is a claim eligible for external review because adjudication of the claim involves medical judgment.



External Review of NSA Compliance Matters – States with External Review Processes That Meet Minimum Requirements

- States that can accommodate external review of NSA compliance matters will refer NSA compliance matters to the state’s external review process.
- States with an external review process that cannot accommodate NSA compliance matters* can:
 - Refer such matters to the HHS-administered process; or
 - Alternatively, plans and issuers subject to a state external review process that cannot accommodate external review of NSA compliance matters may use the accredited IRO contracting process under the federal external review process (FERP), if the FERP IROs can accommodate review of NSA compliance matters.

*Consumers with private health insurance can reach out to their state’s Department of Insurance for more information about the process for review of NSA compliance matters in their state.

[CMS.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/NSA-Guidance.pdf](https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/NSA-Guidance.pdf)

Examples of NSA Compliance Matters Subject to External Review

Scenario:

- A group health plan generally provides benefits in an emergency department of a hospital or independent freestanding emergency department. The individual receives pre-stabilization emergency treatment in an out-of-network emergency department of a hospital. The group health plan determines that protections for emergency services under the NSA and implementing regulations do not apply because the treatment did not involve “emergency services.” The individual receives an ABD, and the plan imposes cost-sharing requirements that are greater than the requirements that would apply if the same services were provided in an in-network emergency department.



Conclusion:

- The plan’s determination that treatment received by the individual did not include emergency services involves medical judgment and consideration of whether the plan complied with the NSA and implementing regulations. Accordingly, the claim is eligible for external review.

Examples of NSA Compliance Matters Subject to External Review (Cont.)

Scenario:

- A group health plan generally provides benefits for anesthesiology services. The individual undergoes a surgery at an in-network health care facility and, during the course of the surgery, receives anesthesiology services from an out-of-network provider. The plan decides the claim for these services without regard to the NSA protections related to items and services furnished by out-of-network providers at in-network facilities. As a result, the individual receives an ABD for the services and is subject to cost-sharing liability that is greater than it would be if cost sharing had been calculated in a manner consistent with NSA protections.



Conclusion:

- Whether the plan was required to decide the claim in a manner consistent with NSA protections involves considering whether the plan complied with NSA protections as well as medical judgement because it requires consideration of the health care setting and level of care. Accordingly, the claim is eligible for external review.

Federal External Review Programs: HHS- Administered Process and Accredited IRO Processes

Scope of Claims Eligible for Federal External Review

Applies to ABDs (or final internal ABD) involving:

- Medical judgment
 - INCLUDING, BUT NOT LIMITED TO:
 - Determinations that involve medical necessity
 - Appropriateness
 - Health care setting
 - Level of care
 - Effectiveness of a covered benefit
 - Experimental and investigational treatments



Scope of Claims Eligible for Federal External Review (Cont.)

➤ EXCLUDES:

- Determinations that involve only contractual or legal interpretation and do not involve medical judgment
- Determinations related to participant or beneficiary eligibility for coverage under the terms of a group health plan without any use of medical judgment
- Rescission of coverage if improperly applied according to 45 CFR §147.128
- NSA compliance matters



Federal External Review Process Requirements

- Protections include minimum consumer protections in the NAIC Uniform Model Act
- Standards include:
 - A description of the external review initiation
 - Procedures for a preliminary review of claim
 - Minimum qualifications for IROs
 - A process for approving IROs
 - Random IRO assignment
 - Standards for IRO decision-making
 - Rules for providing notice of a final external review decision
 - Rules for expedited review of ABDs and final internal ABDs
 - Standards for evaluating claims involving experimental/ investigational treatments
 - Binding IRO decisions
 - IRO records retention
 - Notice of a claimant's right to an external review (on ABDs and within plan or policy documents)

Federal External Review Process Requirements (Cont.)

- The federal external review process may not impose any costs, including filing fees, on the claimant requesting the external review.
- Applies to:
 - Health plans not subject to an applicable state external review process. Such health plans can follow one of the two federal external review processes:
 - HHS-administered Federal External Review Process; **OR**
 - Accredited IRO Federal External Review Process.



HHS-Administered External Review Process

- The HHS-administered FERP works with MAXIMUS, a designated federal contractor that performs the administrative functions of the external review on behalf of HHS.
- MAXIMUS website:
[Externalappeal.cms.gov/ferpportal/#/home](https://externalappeal.cms.gov/ferpportal/#/home)



Accredited IRO External Review Process

- Plans must contract with at least three IROs and rotate external review assignments among them.
- The plan may use an alternative process for IRO assignment.
 - However, the Departments will expect plans to document how any alternative process constitutes an impartial assignment method and how it ensures that the process is independent and unbiased.
- The plan is not permitted to provide financial incentives to IROs based on the likelihood that the IRO will support the denial of benefits.



How to Request an Appeal or External Review

Process	Who Receives the Request
Internal Appeals	Health plan or issuer
External Review – State Process	<ul style="list-style-type: none">▪ The state Department of Insurance, or▪ The state Department of Health, or▪ The plan or issuer
External Review – Federally-Administered Process (in AL, AK, FL, GA, PA (until 1/1/24), TX, and WI)	<ul style="list-style-type: none">▪ Health plan issuer, or▪ HHS-administered process contractor



Where to File Complaints Regarding the Coverage Appeals and External Review Process

Process	Who Should Receive the Complaint
Claims and Internal Appeals	<ul style="list-style-type: none">▪ The state Department of Insurance, or▪ The state Department of Health
External Review – State Process	<ul style="list-style-type: none">▪ The state Department of Insurance, or▪ The state Department of Health
External Review – Federally-Administered Process (in AL, AK, FL, GA, PA (until 1/1/24), TX, and WI)	CCIIO



Resources

- Internal Claims and Appeals and the External Review Process job aid: [CMS.gov/technical-assistance-resources/appeal-help/appeal-decision.pdf](https://www.cms.gov/technical-assistance-resources/appeal-help/appeal-decision.pdf)
- Consumer Information: [HealthCare.gov/appeal-insurance-company-decision/appeals/](https://www.healthcare.gov/appeal-insurance-company-decision/appeals/)
- HHS-Administered Federal External Review Process (MAXIMUS): [Externalappeal.cms.gov/ferportal/#/home](https://externalappeal.cms.gov/ferportal/#/home)
- Regulations and guidance: [CMS.gov/ccio/resources/regulations-and-guidance#External Appeals](https://www.cms.gov/ccio/resources/regulations-and-guidance#External%20Appeals)
- Eligibility Appeals Forms: [CMS.gov/marketplace/in-person-assisters/applications-forms-notices/eligibility-appeals](https://www.cms.gov/marketplace/in-person-assisters/applications-forms-notices/eligibility-appeals)