

HOUSE BILL 438

By Favors

AN ACT to amend Tennessee Code Annotated, Section
56-32-130, relative to physician rating.

WHEREAS, managed health insurance issuers are increasingly incorporating transparency, quality, tiered and pay-for-performance initiatives to steer patients toward healthcare providers who ostensibly offer higher quality or more cost efficient healthcare services; and

WHEREAS, managed health insurance issuers are primarily utilizing administrative, claims-based data extraction software to calculate healthcare provider quality ratings; and

WHEREAS, managed health insurance issuers' administrative claims systems are designed to process financial claims transactions and contain limited clinical quality information, which is generally considered to be incomplete, inaccurate, and flawed for determining quality of care factors; and

WHEREAS, the reporting of incomplete and inaccurate healthcare provider quality ratings have a significant potential to mislead the public and do irreparable harm to healthcare providers and the patient-physician relationship; and

WHEREAS, the National Committee for Quality Assurance (NCQA) has developed a statistically valid chart sampling and audit methodology to correct and validate provider quality performance data which has been extracted from insurers' claims systems; and

WHEREAS, Tennessee's managed health insurance issuers who seek accreditation from NCQA are already using this methodology when reporting their compliance with the NCQA's Healthcare Effectiveness Data and Information Set (HEDIS) quality of care measures; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-32-130(e)(1), is amended by inserting the following language after the second sentence:

If a managed health insurance issuer publishes ratings on the quality of a healthcare provider's care based primarily on administrative claims data, then the health insurance issuer shall be required, at the issuer's own expense and prior to such publication, to validate the data to an eighty-five percent (85%) confidence level utilizing a commonly accepted, industry standard chart sampling and auditing methodology.

SECTION 2. Tennessee Code Annotated, Section 56-32-130(e)(1), is amended by deleting the language "and" at the end of subdivision (C) and by redesignating subdivision (D) as subdivision (E) and by adding the following language as a new subdivision (D):

(D) The issuer shall provide with the publication of each provider's performance rating the confidence level, margin of error, and the range of scores for the provider's peer group. The issuer shall make available to the healthcare provider, upon request, the chart sampling and auditing methodology used to validate the data including the total number of providers rated, the number of charts reviewed, and the number of charts reviewed per medical specialty; and

SECTION 3. Tennessee Code Annotated, Section 56-32-130(e)(1)(E), is amended by deleting the language "(e)(1)(A)-(C)" and by substituting instead the language "(e)(1)(A)-(D)".

SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it, and shall apply to provider rating programs implemented and published or updated on or after that date.