

**304.17B-011 Third-party administrator to administer Kentucky Access -- Selection and duties -- Reimbursement for expenses.**

- (1) The department shall select a third-party administrator, through the state competitive bidding process, to administer Kentucky Access. The third-party administrator shall be an administrator licensed by the department. The department shall consider criteria in selecting a third-party administrator that shall include, but not be limited to, the following:
  - (a) A third-party administrator's proven ability to demonstrate performance of the operations of an insurer to include the following: enrollee enrollment, eligibility determination, provider enrollment and credentialing, utilization management, quality improvement, drug utilization review, premium billing and collection, claims payment, and data reporting;
  - (b) The total cost to administer Kentucky Access;
  - (c) A third-party administrator's proven ability to demonstrate that Kentucky Access shall be administered in a cost-efficient manner;
  - (d) A third-party administrator's proven ability to demonstrate experience in two (2) or more states administering a risk pool for a minimum of a three (3) year period; and
  - (e) A third-party administrator's financial condition and stability.
- (2) The department may contract with the third-party administrator for a period of four (4) years with an option for a two (2) year extension as approved by the department on a year-by-year contract basis. At least one (1) year prior to the expiration of the third-party administrator's contract, the department may solicit third-party administrators, including the current third-party administrator, to submit bids to serve as the third-party administrator for the succeeding four (4) year period.
- (3) In addition to any duties and obligations set forth in the contract with the third-party administrator, the third-party administrator shall:
  - (a) Develop and establish policies and procedures for enrollee enrollment, eligibility determination, provider enrollment and credentialing, utilization management, case management, disease management, quality improvement, drug utilization review, premium billing and collection, data reporting, and other responsibilities determined by the department;
  - (b) Develop and establish policies and procedures for paying the agent referral fee under KRS 304.17B-001 to 304.17B-031;
  - (c) Develop and establish policies and procedures to ensure timely and efficient payment of claims to include, but not limited to, the following:
    1. Develop and provide a claims billing manual to health care providers enrolled in Kentucky Access that includes information relating to the proper billing of a claim and the types of claim forms to use;
    2. Payment of all claims in accordance with the provisions of this chapter and the administrative regulations promulgated thereunder; and
    3. Notification to an enrollee through an explanation of benefits if a claim

is denied or if there is enrollee financial responsibility of a paid claim for deductible or coinsurance amounts;

- (d) Issue denial letters under KRS 304.17A-540 for denial of preauthorization and precertification requests for medical necessity and medical appropriateness determinations;
  - (e) Submit information to the department under KRS 304.17A-330;
  - (f) Submit reports to the department regarding the operation and financial condition of Kentucky Access. The frequency, content, and form of the reports shall be determined by the department;
  - (g) Submit an annual report to the department three (3) months after the end of each calendar year. The annual report shall include:
    - 1. Earned premium;
    - 2. Administrative expenses;
    - 3. Incurred losses for the year;
    - 4. Paid losses for the year;
    - 5. Number of enrollees enrolled in Kentucky Access by category of eligibility; and
    - 6. Any other information requested by the department; and
  - (h) Be subject to examination by the department under Subtitles 2 and 3 of this chapter.
- (4) The third-party administrator shall be paid for necessary and reasonable expenses, as provided in the contract between the department and the third-party administrator.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 1278, effective July 15, 2010. -- Created 2000 Ky. Acts ch. 476, sec. 6, effective July 14, 2000.