

**[20 Ill. Comp. Stat. § 215/5-1.]**

§ 215/5-1. Mandatory Utilization Review: Illinois Health Finance Reform Act

(a) Except as prohibited by Federal law or regulations, any third party payor shall have the option to require utilization review for hospital admissions and continued hospital stays, except for the Department of Healthcare and Family Services for payment of hospital services for recipients of assistance under Articles V, VI, and VII of the Illinois Public Aid Code. The payor shall have the option to contract with a medical peer review organization, provided that the organization is at minimum, composed of 10% of area physicians, or the hospital to perform utilization review or to conduct its own utilization review. A medical peer review organization, as defined, may also contract with hospitals to perform reviews on a delegated basis. The utilization review process shall provide for the timely notification of patients by the third party payor or review organization that further services are deemed inappropriate or medically unnecessary. Such notification shall inform the patient that his third party payor will cease coverage after a stated period from the date of the notification. No third party payor shall be liable for charges for health care services rendered by a hospital subsequent to the end of the notification period.

Nothing in this Section shall be construed as authorizing any person or third party payor, other than through the use of physicians licensed to practice medicine in all of its branches or other licensed health care professionals under the supervision of said physicians, to conduct utilization review.

(b) All costs associated with utilization review under this section shall be billed to and paid by the third party payor ordering the review.

(c) Any third party payor for hospital services may contract with a hospital for a program of utilization review different than that required by this subsection, which contract may provide for the withholding and denial of payment for hospital services to a beneficiary, when such treatment is found in the course of utilization review to have been inappropriate and unwarranted in the case of that beneficiary.

(d) All records and reports arising as a result of this subsection shall be strictly privileged and confidential, as provided under Part 21 of Article VIII of the Code of Civil Procedure.