

SENATE BILL 275

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2000 Regular Session
(01r1655)

ENROLLED BILL
-- Finance/Economic Matters --

Introduced by **Senator Dorman**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - Preauthorized Health Care Services - Denials of**
3 **Reimbursement by Carriers**

4 FOR the purpose of prohibiting certain health insurance carriers from denying
5 reimbursement to a health care provider for preauthorized or approved services
6 delivered to a patient if a ~~course of treatment~~ health care service has been
7 preauthorized or approved for the patient; providing certain exceptions;
8 providing that a carrier must pay certain claims in accordance with certain
9 provisions of law; defining a certain term; making a stylistic change; providing
10 for the application of this Act; and generally relating to denials of
11 reimbursement by carriers for preauthorized or approved services delivered to a
12 patient.

13 ~~BY repealing and reenacting, with amendments,~~
14 ~~Article Insurance~~
15 ~~Section 15-1008~~
16 ~~Annotated Code of Maryland~~

1 ~~(1997 Volume and 1999 Supplement)~~

2 BY repealing and reenacting, with amendments,

3 Article - Health - General

4 Section 19-706(o)

5 Annotated Code of Maryland

6 (1996 Replacement Volume and 1999 Supplement)

7 BY adding to

8 Article - Insurance

9 Section 15-1009

10 Annotated Code of Maryland

11 (1997 Volume and 1999 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **~~Article - Insurance~~**

15 ~~15-1008.~~

16 ~~(a) (1) In this section the following words have the meanings indicated.~~

17 ~~(2) "Carrier" means:~~

18 ~~(i) an insurer;~~

19 ~~(ii) a nonprofit health service plan;~~

20 ~~(iii) a health maintenance organization;~~

21 ~~(iv) a dental plan organization; or~~

22 ~~(v) any other person that provides health benefit plans subject to~~
23 ~~regulation by the State.~~

24 ~~(3) "Code" means:~~

25 ~~(i) the applicable current procedural terminology (CPT) code, as~~
26 ~~adopted by the American Medical Association;~~

27 ~~(ii) if for a dental service, the applicable code adopted by the~~
28 ~~American Dental Association; or~~

29 ~~(iii) another applicable code under an appropriate uniform coding~~
30 ~~scheme used by a carrier in accordance with this section.~~

1 (4) "Coding guidelines" means those standards or procedures used or
2 applied by a payor to determine the most accurate and appropriate code or codes for
3 payment by the payor for a service or services.

4 (5) "Health care provider" means a person or entity licensed, certified or
5 otherwise authorized under the Health Occupations Article or the Health—General
6 Article to provide health care services.

7 (b) (1) If a carrier retroactively denies reimbursement to a health care
8 provider, the carrier:

9 (i) may only retroactively deny reimbursement for services subject
10 to coordination of benefits with another carrier, the Maryland Medical Assistance
11 Program, or the Medicare Program during the 18-month period after the date that
12 the carrier paid the claim submitted by the health care provider; and

13 (ii) except as provided in item (i) of this paragraph, may only
14 retroactively deny reimbursement during the 6-month period after the date that the
15 carrier paid the claim submitted by the health care provider.

16 (2) (i) A carrier that retroactively denies reimbursement to a health
17 care provider under paragraph (1) of this subsection shall provide the health care
18 provider with a written statement specifying the basis for the retroactive denial.

19 (ii) If the retroactive denial of reimbursement results from
20 coordination of benefits, the written statement shall provide the name and address of
21 the entity acknowledging responsibility for payment of the denied claim.

22 (c) Except as provided in subsection (d) of this section, a carrier that does not
23 comply with the provisions of subsection (b) of this section may not retroactively deny
24 reimbursement or attempt in any manner to retroactively collect reimbursement
25 already paid to a health care provider by reducing reimbursements currently owed to
26 the health care provider, withholding future reimbursement, or in any other manner
27 affecting the future reimbursement to the health care provider.

28 (d) (1) The provisions of subsection (b)(1) of this section do not apply if:

29 (i) a carrier retroactively denies reimbursement to a health care
30 provider because the information submitted to the carrier was fraudulent or
31 improperly coded; and

32 (ii) in the case of improper coding, the carrier has provided to the
33 health care provider sufficient information regarding the coding guidelines used by
34 the carrier at least 30 days prior to the date the services subject to the retroactive
35 denial were rendered.

36 (2) Information submitted to the carrier may be considered to be
37 improperly coded under paragraph (1) of this subsection if the information submitted
38 to the carrier by the health care provider:

1 (i) uses codes that do not conform with the coding guidelines used
2 by the carrier applicable as of the date the service or services were rendered; or

3 (ii) does not otherwise conform with the contractual obligations of
4 the health care provider to the carrier applicable as of the date the service or services
5 were rendered.

6 (e) ~~If a carrier retroactively denies reimbursement for services as a result of~~
7 ~~coordination of benefits under provisions of subsection (b)(1)(i) of this section, the~~
8 ~~health care provider shall have 6 months from the date of denial, unless a carrier~~
9 ~~permits a longer time period, to submit a claim for reimbursement for the service to~~
10 ~~the carrier, Maryland Medical Assistance Program, or Medicare Program responsible~~
11 ~~for payment.~~

12 **Article - Health - General**

13 19-706.

14 (o) The provisions of [§ 15-1008] §§ 15-1008 AND 15-1009 of the Insurance
15 Article [shall] apply to health maintenance organizations.

16 **Article - Insurance**

17 15-1009.

18 (A) IN THIS SECTION, "CARRIER" MEANS:

19 (1) AN INSURER;

20 (2) A NONPROFIT HEALTH SERVICE PLAN;

21 (3) A HEALTH MAINTENANCE ORGANIZATION;

22 (4) A DENTAL PLAN ORGANIZATION; OR

23 (5) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS
24 SUBJECT TO REGULATION BY THE STATE.

25 ~~(F)~~ (B) IF A COURSE OF TREATMENT HEALTH CARE SERVICE FOR A PATIENT
26 HAS BEEN PREAUTHORIZED OR APPROVED BY A CARRIER *OR THE CARRIER'S*
27 *PRIVATE REVIEW AGENT*, THE CARRIER MAY NOT DENY REIMBURSEMENT TO A
28 HEALTH CARE PROVIDER FOR THE PREAUTHORIZED OR APPROVED SERVICES
29 SERVICE DELIVERED TO THAT PATIENT UNLESS:

30 (1) THE INFORMATION SUBMITTED TO THE CARRIER REGARDING THE
31 SERVICES SERVICE TO BE DELIVERED TO THE PATIENT WAS FRAUDULENT OR
32 INTENTIONALLY MISREPRESENTATIVE OR;

33 (2) CRITICAL INFORMATION REQUESTED BY THE CARRIER REGARDING
34 SERVICES THE SERVICE TO BE DELIVERED TO THE PATIENT WAS OMITTED SUCH

1 THAT THE CARRIER'S DETERMINATION WOULD HAVE BEEN DIFFERENT HAD IT
2 KNOWN THE CRITICAL INFORMATION; ~~OR~~

3 ~~(2)~~ (3) ~~THE~~ A PLANNED COURSE OF TREATMENT FOR THE PATIENT
4 THAT WAS APPROVED BY THE CARRIER WAS NOT SUBSTANTIALLY FOLLOWED BY
5 THE HEALTH CARE PROVIDER; OR

6 (4) ON THE DATE THE PREAUTHORIZED OR APPROVED SERVICE WAS
7 DELIVERED:

8 (I) THE PATIENT WAS NOT COVERED BY THE CARRIER;

9 (II) THE CARRIER MAINTAINED AN AUTOMATED ELIGIBILITY
10 VERIFICATION SYSTEM THAT WAS AVAILABLE TO THE CONTRACTING PROVIDER BY
11 TELEPHONE OR VIA THE INTERNET; AND

12 (III) ACCORDING TO THE VERIFICATION SYSTEM, THE PATIENT WAS
13 NOT COVERED BY THE CARRIER.

14 (C) A CARRIER SHALL PAY A CLAIM FOR A PREAUTHORIZED OR APPROVED
15 COVERED HEALTH CARE SERVICE IN ACCORDANCE WITH §§ 15-1005 AND 15-1008 OF
16 THIS SUBTITLE.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies to
18 reimbursements for health care services that are preauthorized or approved on or
19 after June 1, 2000.

20 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect ~~October~~ June 1, 2000.