

HOUSE BILL 639

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6lr0405

By: **Delegates Kelly, Frick, Jalisi, Korman, Lam, Reznik, and Waldstreicher**
Introduced and read first time: February 4, 2016
Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Provider Claims – Payment by Credit Card – Prohibited**

3 FOR the purpose of prohibiting an insurer, nonprofit health service plan, or health
4 maintenance organization from paying certain claims for reimbursement submitted
5 by certain providers of health care services using a credit card; defining a certain
6 term; and generally relating to the payment by insurers, nonprofit health service
7 plans, and health maintenance organizations of claims for reimbursement submitted
8 by health care providers.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 15–1005
12 Annotated Code of Maryland
13 (2011 Replacement Volume and 2015 Supplement)

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

16 **Article – Insurance**

17 15–1005.

18 (a) In this section, “clean claim” means a claim for reimbursement, as defined in
19 regulations adopted by the Commissioner under § 15–1003 of this subtitle.

20 (b) To the extent consistent with the Employee Retirement Income Security Act
21 of 1974 (ERISA), 29 U.S.C. 1001 et seq., this section applies to an insurer, nonprofit health
22 service plan, or health maintenance organization that acts as a third party administrator.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) Except as provided in § 15–1315 of this title and subsection [(h)] (I) of this
2 section, within 30 days after receipt of a claim for reimbursement from a person entitled to
3 reimbursement under § 15–701(a) of this title or from a hospital or related institution, as
4 those terms are defined in § 19–301 of the Health – General Article, an insurer, nonprofit
5 health service plan, or health maintenance organization shall:

6 (1) mail or otherwise transmit payment for the claim in accordance with
7 this section; or

8 (2) send a notice of receipt and status of the claim that states:

9 (i) that the insurer, nonprofit health service plan, or health
10 maintenance organization refuses to reimburse all or part of the claim and the reason for
11 the refusal;

12 (ii) that, in accordance with § 15–1003(d)(1)(ii) of this subtitle, the
13 legitimacy of the claim or the appropriate amount of reimbursement is in dispute and
14 additional information is necessary to determine if all or part of the claim will be
15 reimbursed and what specific additional information is necessary; or

16 (iii) that the claim is not clean and the specific additional information
17 necessary for the claim to be considered a clean claim.

18 **(D) (1) IN THIS SUBSECTION, “CREDIT CARD” MEANS ANY CARD OR**
19 **OTHER DEVICE ISSUED BY A CREDIT CARD ISSUER FOR THE USE OF THE**
20 **CARDHOLDER IN OBTAINING MONEY, GOODS, SERVICES, OR ANYTHING OF VALUE ON**
21 **CREDIT.**

22 **(2) AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH**
23 **MAINTENANCE ORGANIZATION MAY NOT PAY A CLAIM UNDER SUBSECTION (C) OF**
24 **THIS SECTION OR A PORTION OF A CLAIM UNDER SUBSECTION (F) OF THIS SECTION,**
25 **USING A CREDIT CARD.**

26 [(d)] **(E) (1)** An insurer, nonprofit health service plan, or health maintenance
27 organization shall permit a provider a minimum of 180 days from the date a covered service
28 is rendered to submit a claim for reimbursement for the service.

29 (2) If an insurer, nonprofit health service plan, or health maintenance
30 organization wholly or partially denies a claim for reimbursement, the insurer, nonprofit
31 health service plan, or health maintenance organization shall permit a provider a minimum
32 of 90 working days after the date of denial of the claim to appeal the denial.

33 (3) If an insurer, nonprofit health service plan, or health maintenance
34 organization erroneously denies a provider’s claim for reimbursement submitted within the
35 time period specified in paragraph (1) of this subsection because of a claims processing
36 error, and the provider notifies the insurer, nonprofit health service plan, or health

1 maintenance organization of the potential error within 1 year of the claim denial, the
2 insurer, nonprofit health service plan, or health maintenance organization, on discovery of
3 the error, shall reprocess the provider's claim without the necessity for the provider to
4 resubmit the claim, and without regard to timely submission deadlines.

5 **[(e)] (F)** (1) If an insurer, nonprofit health service plan, or health
6 maintenance organization provides notice under subsection (c)(2)(i) of this section, the
7 insurer, nonprofit health service plan, or health maintenance organization shall mail or
8 otherwise transmit payment for any undisputed portion of the claim within 30 days of
9 receipt of the claim, in accordance with this section.

10 (2) If an insurer, nonprofit health service plan, or health maintenance
11 organization provides notice under subsection (c)(2)(ii) of this section, the insurer, nonprofit
12 health service plan, or health maintenance organization shall:

13 (i) mail or otherwise transmit payment for any undisputed portion
14 of the claim in accordance with this section; and

15 (ii) comply with subsection (c)(1) or (2)(i) of this section within 30
16 days after receipt of the requested additional information.

17 (3) If an insurer, nonprofit health service plan, or health maintenance
18 organization provides notice under subsection (c)(2)(iii) of this section, the insurer,
19 nonprofit health service plan, or health maintenance organization shall comply with
20 subsection (c)(1) or (2)(i) of this section within 30 days after receipt of the requested
21 additional information.

22 **[(f)] (G)** (1) If an insurer, nonprofit health service plan, or health
23 maintenance organization fails to pay a clean claim for reimbursement or otherwise
24 violates any provision of this section, the insurer, nonprofit health service plan, or health
25 maintenance organization shall pay interest on the amount of the claim that remains
26 unpaid 30 days after receipt of the initial clean claim for reimbursement at the monthly
27 rate of:

28 (i) 1.5% from the 31st day through the 60th day;

29 (ii) 2% from the 61st day through the 120th day; and

30 (iii) 2.5% after the 120th day.

31 (2) The interest paid under this subsection shall be included in any late
32 reimbursement without the necessity for the person that filed the original claim to make
33 an additional claim for that interest.

34 **[(g)] (H)** An insurer, nonprofit health service plan, or health maintenance
35 organization that violates a provision of this section is subject to:

1 (1) a fine not exceeding \$500 for each violation that is arbitrary and
2 capricious, based on all available information; and

3 (2) the penalties prescribed under § 4-113(d) of this article for violations
4 committed with a frequency that indicates a general business practice.

5 **[(h)] (I)** (1) An insurer, a nonprofit health service plan, or a health
6 maintenance organization may suspend review of a claim for reimbursement for a
7 preauthorized or approved health care service if the insurer, nonprofit health service plan,
8 or health maintenance organization sends written notice within 30 days after receipt of the
9 claim that informs the person filing the claim, that:

10 (i) review of the claim is suspended during the second or third
11 month of a grace period under 45 C.F.R. § 156.270(d); and

12 (ii) on receipt of the payment of premium, the insurer, nonprofit
13 health service plan, or health maintenance organization is required to comply with
14 paragraph (2) of this subsection.

15 (2) Within 30 days after receipt of the payment of premium, an insurer, a
16 nonprofit health service plan, or a health maintenance organization shall comply with
17 subsection (c)(1) or (2) of this section.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2016.