**HB 1070**

# Department of Legislative Services

Maryland General Assembly
2018 Session

## FISCAL AND POLICY NOTE
## First Reader

House Bill 1070 (Delegate Platt, *et al.*)
Health and Government Operations

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**Health Insurance - Retroactive Denial of Reimbursement to Health Care Providers**

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This bill requires an insurer, a nonprofit health service plan, a health maintenance organization, a dental plan organization, and a managed care organization (collectively known as carriers) that retroactively denies reimbursement to a health care provider to provide the health care provider (1) notice of the retroactive denial; (2) at least 30 days to respond to the notice; and (3) the option to pay the amount of the denied reimbursement in lieu of retention by the carrier of an equivalent amount of funds from another claim for reimbursement submitted by the health care provider.

## Fiscal Summary

**State Effect:** Any change in State activities does not materially affect State finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

## Analysis

**Current Law:** A carrier must permit a provider a minimum of 180 days from the date a covered service is rendered to submit a claim for reimbursement for the service. If a carrier wholly or partially denies a claim for reimbursement, the carrier must permit a provider a minimum of 90 working days after the date of denial of the claim to appeal the denial.

For purposes of retroactive denial of provider claims, a health care provider is a person or entity licensed, certified, or otherwise authorized under the Health Occupations Article or

the Health-General Article to provide health care services. In most cases, a carrier may only retroactively deny reimbursement for services within 6 months after the date that the carrier paid the provider. Claims for services subject to coordination of benefits with another carrier, Medicaid, or Medicare may be denied for up to 18 months.

If a carrier retroactively denies reimbursement as a result of coordination of benefits, the provider has at least six months from the date of denial to submit a claim to the carrier, Medicaid, or Medicare. A carrier may retroactively deny reimbursement *at any time* if information submitted was fraudulent or improperly coded or if the claim was duplicative. If a carrier retroactively denies reimbursement, the carrier must specify in writing the basis for the denial.

**Additional Comments:** The Maryland Insurance Administration (MIA) advises that the retroactive denial of a claim is considered an adverse or coverage decision, which requires the same notice from the carrier as if the claim had been denied on initial processing. Thus, MIA notes that, under current law, a provider is deemed to have a minimum of 90 working days to appeal a retroactive denial while, under the bill, the provider is given *at least 30 days* to respond to the notice.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Department of Health; Maryland Health Benefit Exchange; Maryland Insurance Administration; Department of Legislative Services

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