

CF 7r1895

By: Delegates Frank, Barve, and Goldwater

Introduced and read first time: January 29, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Reimbursement of Service Providers**

3 FOR the purpose of providing that any time limit for submitting claim information
4 imposed by an insurer, nonprofit health service plan, or health maintenance
5 organization on certain providers of health care services does not begin to run until
6 the insurer, nonprofit health service plan, or health maintenance organization gives
7 a certain notice to the provider of the health care service; and generally relating to
8 reimbursement of health care service providers.

9 BY repealing and reenacting, with amendments,
10 Article - Health - General
11 Section 19-712.1
12 Annotated Code of Maryland
13 (1996 Replacement Volume and 1996 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article - Insurance
16 Section 15-1005
17 Annotated Code of Maryland
18 (1995 Volume and 1996 Supplement)
19 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of 1997)

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

22 **Article - Health - General**

23 19-712.1.

24 (a) For covered services rendered to its members, a health maintenance
25 organization shall reimburse any provider within 30 days after receipt of a claim that is
26 accompanied by all reasonable and necessary documentation.

27 (b) (1) If a health maintenance organization fails to comply with subsection (a)
28 of this section, the health maintenance organization shall pay interest beginning with the
29 31st day on the amount of the claim that remains unpaid after 30 days following the
30 receipt of the claim.

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1 (2) The interest payable shall be at the rate of 1.5 percent per month simple
2 interest prorated for any portion of a month.

3 (3) Except as provided in subsection (c) of this section, when paying a claim
4 more than 30 days after its receipt, the health maintenance organization shall add the
5 interest payable to the amount of the unpaid claim without the necessity for any claim for
6 that interest to be made by the provider filing the original claim.

7 (c) The provisions of this section do not apply to claims where:

8 (1) There is a good faith dispute regarding:

9 (i) The legitimacy of the claim; or

10 (ii) The appropriate amount of reimbursement; and

11 (2) The health maintenance organization:

12 (i) Notifies the provider within 2 weeks of the receipt of the claim that
13 the legitimacy of the claim or the appropriate amount of reimbursement is in dispute;

14 (ii) Supplies in writing to the provider the specific reasons why the
15 legitimacy of the claim, or a portion of the claim, or the appropriate amount of
16 reimbursement is in dispute;

17 (iii) Pays any undisputed portion of the claim within 30 days of the
18 receipt of the claim; and

19 (iv) Makes a good faith, timely effort to resolve the dispute.

20 (D) IF A HEALTH MAINTENANCE ORGANIZATION SENDS NOTICE TO A
21 PROVIDER UNDER SUBSECTION (C)(2)(I) OR (II) OF THIS SECTION, OR NOTIFIES A
22 PROVIDER THAT IT DID NOT RECEIVE A CLAIM, ANY TIME LIMIT IMPOSED BY THE
23 HEALTH MAINTENANCE ORGANIZATION FOR SUBMITTING CLAIM INFORMATION
24 SHALL BEGIN ON THE DATE THE NOTICE IS GIVEN.

25 **Article - Insurance**

26 15-1005.

27 (a) This section does not apply when there is a good faith dispute about the
28 legitimacy of a claim or the appropriate amount of reimbursement.

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

32 (c) Within 30 days after receipt of a claim for reimbursement from a person
33 entitled to reimbursement under § 15-701(a) of this title or from a hospital or related
34 institution, as those terms are defined in § 19-301 of the Health - General Article, an
35 insurer or nonprofit health service plan shall:

36 (1) pay the claim in accordance with this section; or

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

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1 (i) that the insurer or nonprofit health service plan refuses to
2 reimburse all or part of the claim and the reason for the refusal; or

3 (ii) that additional information is necessary to determine if all or part
4 of the claim will be reimbursed and what specific additional information is necessary.

5 (D) IF AN INSURER OR NONPROFIT HEALTH SERVICE PLAN SENDS NOTICE
6 UNDER SUBSECTION (C)(2) OF THIS SECTION, OR NOTIFIES THE PERSON THAT FILED
7 A CLAIM THAT THE CLAIM WAS NOT RECEIVED, ANY TIME LIMIT IMPOSED BY THE
8 INSURER OR NONPROFIT HEALTH SERVICE PLAN FOR SUBMITTING CLAIM
9 INFORMATION SHALL BEGIN ON THE DATE THE NOTICE IS GIVEN.

10 [(d)] (E) (1) If an insurer or nonprofit health service plan fails to comply with
11 subsection (c) of this section, the insurer or nonprofit health service plan shall pay
12 interest on the amount of the claim that remains unpaid 30 days after the claim is filed at
13 the monthly rate of:

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

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

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

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

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 1997.