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**By: Senator Dorman**

Introduced and read first time: January 24, 1997

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 6, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Health Insurance - Health Care ~~Practitioners~~ Providers - Retroactive Denials of**  
3 **Reimbursement**

4 FOR the purpose of restricting the time period during which certain health insurance  
5 carriers may retroactively deny reimbursement to health care ~~practitioners~~  
6 providers under certain circumstances; requiring certain health insurance carriers to  
7 provide a certain statement; prohibiting certain health insurance carriers from  
8 retroactively denying reimbursement or attempting to retroactively collect  
9 reimbursement already paid to health care ~~practitioners~~ providers under certain  
10 circumstances; allowing a provider a certain time period in which to submit a claim  
11 for reimbursement under certain circumstances; defining certain terms; requiring a  
12 certain study; and generally relating to retroactive denials of reimbursement to  
13 health care ~~practitioners~~ providers.

14 ~~BY repealing and reenacting, with amendments,~~

15 ~~Article - Insurance~~

16 ~~Section 15-113~~

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 BY adding to

21 Article - Insurance

22 Section 15-1008

23 Annotated Code of Maryland

24 (1995 Volume and 1996 Supplement)

25 (As enacted by Chapter \_\_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

1 BY adding to  
2 Article - Health - General  
3 Section 19-706(n)  
4 Annotated Code of Maryland  
5 (1996 Replacement Volume and 1996 Supplement)

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

8 **Article - Insurance**

9 ~~15-113.~~

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

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

12 ~~(i) an insurer;~~

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

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

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

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

18 ~~(3) "Health care practitioner" means an individual who is licensed, certified,~~  
19 ~~or otherwise authorized under the Health Occupations Article to provide health care~~  
20 ~~services.~~

21 ~~(b) A carrier may not reimburse a health care practitioner in an amount less than~~  
22 ~~the sum or rate negotiated in the carrier's provider contract with the health care~~  
23 ~~practitioner.~~

24 ~~(c) (1) IF A CARRIER RETROACTIVELY DENIES REIMBURSEMENT TO A~~  
25 ~~HEALTH CARE PRACTITIONER, THE CARRIER:~~

26 ~~(i) MAY ONLY RETROACTIVELY DENY REIMBURSEMENT DURING~~  
27 ~~THE 6 MONTH PERIOD AFTER THE DATE THAT THE HEALTH CARE PRACTITIONER~~  
28 ~~SUBMITTED THE CLAIM TO THE CARRIER FOR REIMBURSEMENT; AND~~

29 ~~(ii) SHALL PROVIDE THE HEALTH CARE PRACTITIONER WITH A~~  
30 ~~WRITTEN STATEMENT SPECIFYING THE BASIS FOR THE RETROACTIVE DENIAL.~~

31 ~~(2) EXCEPT IN CASES OF FRAUD OR IMPROPER CODING BY A HEALTH~~  
32 ~~CARE PRACTITIONER, A CARRIER THAT DOES NOT COMPLY WITH THE PROVISIONS~~  
33 ~~OF PARAGRAPH (1) OF THIS SUBSECTION MAY NOT RETROACTIVELY DENY~~  
34 ~~REIMBURSEMENT OR ATTEMPT IN ANY MANNER TO RETROACTIVELY COLLECT~~  
35 ~~REIMBURSEMENT ALREADY PAID TO A HEALTH CARE PRACTITIONER BY REDUCING~~  
36 ~~REIMBURSEMENTS CURRENTLY OWED TO THE HEALTH CARE PRACTITIONER,~~

3

1 ~~WITHHOLDING FUTURE REIMBURSEMENT, OR IN ANY OTHER MANNER AFFECTING~~  
2 ~~THE FUTURE REIMBURSEMENT TO THE HEALTH CARE PRACTITIONER.~~

3 ~~[(e)] (D) This section does not prohibit a carrier from providing bonuses or other~~  
4 ~~incentive-based compensation to a health care practitioner if the bonus or other~~  
5 ~~incentive-based compensation does not:~~

6 ~~(1) violate § 19-705.1 of the Health—General Article; or~~

7 ~~(2) deter the delivery of medically appropriate care to an enrollee.~~

8 15-1008.

9 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
10 INDICATED.

11 (2) "CARRIER" MEANS:

12 (I) AN INSURER;

13 (II) A NONPROFIT HEALTH SERVICE PLAN;

14 (III) A HEALTH MAINTENANCE ORGANIZATION;

15 (IV) A DENTAL PLAN ORGANIZATION; OR

16 (V) ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT PLANS  
17 SUBJECT TO REGULATION BY THE STATE.

18 (3) "HEALTH CARE PROVIDER" MEANS A PERSON OR ENTITY LICENSED,  
19 CERTIFIED OR OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS  
20 ARTICLE OR THE HEALTH - GENERAL ARTICLE TO PROVIDE HEALTH CARE  
21 SERVICES.

22 (B) (1) IF A CARRIER RETROACTIVELY DENIES REIMBURSEMENT TO A  
23 HEALTH CARE PROVIDER, THE CARRIER:

24 (I) MAY ONLY RETROACTIVELY DENY REIMBURSEMENT FOR  
25 SERVICES SUBJECT TO COORDINATION OF BENEFITS WITH ANOTHER CARRIER, THE  
26 MARYLAND MEDICAL ASSISTANCE PROGRAM, OR THE MEDICARE PROGRAM  
27 DURING THE 18-MONTH PERIOD AFTER THE DATE THAT THE CARRIER PAID THE  
28 CLAIM SUBMITTED BY THE HEALTH CARE PROVIDER; AND

29 (II) EXCEPT AS PROVIDED IN ITEM (I) OF THIS PARAGRAPH, MAY  
30 ONLY RETROACTIVELY DENY REIMBURSEMENT DURING THE 6-MONTH PERIOD  
31 AFTER THE DATE THAT THE CARRIER PAID THE CLAIM SUBMITTED BY THE HEALTH  
32 CARE PROVIDER.

33 (2) (I) A CARRIER THAT RETROACTIVELY DENIES REIMBURSEMENT  
34 TO A HEALTH CARE PROVIDER UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL  
35 PROVIDE THE HEALTH CARE PROVIDER WITH A WRITTEN STATEMENT SPECIFYING  
36 THE BASIS FOR THE RETROACTIVE DENIAL.

37 (II) IF THE RETROACTIVE DENIAL OF REIMBURSEMENT RESULTS  
38 FROM COORDINATION OF BENEFITS, THE WRITTEN STATEMENT SHALL PROVIDE

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1 THE NAME AND ADDRESS OF THE ENTITY ACKNOWLEDGING RESPONSIBILITY FOR  
2 PAYMENT OF THE DENIED CLAIM.

3 (C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A CARRIER  
4 THAT DOES NOT COMPLY WITH THE PROVISIONS OF SUBSECTION (B) OF THIS  
5 SECTION MAY NOT RETROACTIVELY DENY REIMBURSEMENT OR ATTEMPT IN ANY  
6 MANNER TO RETROACTIVELY COLLECT REIMBURSEMENT ALREADY PAID TO A  
7 HEALTH CARE PROVIDER BY REDUCING REIMBURSEMENTS CURRENTLY OWED TO  
8 THE HEALTH CARE PROVIDER, WITHHOLDING FUTURE REIMBURSEMENT, OR IN  
9 ANY OTHER MANNER AFFECTING THE FUTURE REIMBURSEMENT TO THE HEALTH  
10 CARE PROVIDER.

11 (D) THE PROVISIONS OF SUBSECTION (B)(1) OF THIS SECTION DO NOT APPLY  
12 IF A CARRIER RETROACTIVELY DENIES REIMBURSEMENT TO A HEALTH CARE  
13 PROVIDER BECAUSE THE INFORMATION SUBMITTED TO THE CARRIER WAS  
14 FRAUDULENT OR IMPROPERLY CODED.

15 (E) IF A CARRIER RETROACTIVELY DENIES REIMBURSEMENT FOR SERVICES  
16 AS A RESULT OF COORDINATION OF BENEFITS UNDER PROVISIONS OF SUBSECTION  
17 (B)(1)(I) OF THIS SECTION, THE HEALTH CARE PROVIDER SHALL HAVE 6 MONTHS  
18 FROM THE DATE OF DENIAL, UNLESS A CARRIER PERMITS A LONGER TIME PERIOD,  
19 TO SUBMIT A CLAIM FOR REIMBURSEMENT FOR THE SERVICE TO THE CARRIER,  
20 MARYLAND MEDICAL ASSISTANCE PROGRAM, OR MEDICARE PROGRAM  
21 RESPONSIBLE FOR PAYMENT.

22 **Article - Health - General**

23 19-706.

24 (N) THE PROVISIONS OF § 15-1008 OF THE INSURANCE ARTICLE SHALL APPLY  
25 TO HEALTH MAINTENANCE ORGANIZATIONS.

26 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Association  
27 of Health Maintenance Organizations, Blue Cross and Blue Shield of Maryland (or its  
28 successor entity), and the League of Life and Health Insurers shall undertake a study of  
29 coordination of benefits, particularly the feasibility of coordinating retroactive denials of  
30 reimbursement, so that responsibility for payment of claims subject to coordination of  
31 benefits does not affect an individual provider's ability to receive proper payment for  
32 services rendered. The study and recommendations from the study shall be reported to  
33 the Senate Finance Committee and House Economic Matters Committee on or before  
34 November 1, 1997.

35 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
36 October 1, 1997.

