

CF 7lr1869

By: Senator Teitelbaum

Introduced and read first time: January 30, 1997

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 1997

CHAPTER ____

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 requiring a health~~
8 ~~maintenance organization, insurer, or nonprofit health service plan to permit a~~
9 ~~provider a minimum of 6 months to submit a claim for reimbursement; requiring a~~
10 ~~health maintenance organization, insurer, or nonprofit health service plan to~~
11 ~~reimburse a provider within a certain time, under certain circumstances, after~~
12 ~~receiving certain documentation;~~ and generally relating to reimbursement of health
13 care service providers.

14 BY repealing and reenacting, with amendments,

15 Article - Health - General

16 Section 19-712.1

17 Annotated Code of Maryland

18 (1996 Replacement Volume and 1996 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article - Insurance

21 Section 15-1005

22 Annotated Code of Maryland

23 (1995 Volume and 1996 Supplement)

24 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of 1997)

2

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

3 **Article - Health - General**

4 19-712.1.

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

8 (b) (1) If a health maintenance organization fails to comply with subsection (a)
9 of this section, the health maintenance organization shall pay interest beginning with the
10 31st day on the amount of the claim that remains unpaid after 30 days following the
11 receipt of the claim.

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

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

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

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

20 (i) The legitimacy of the claim; or

21 (ii) The appropriate amount of reimbursement; and

22 (2) The health maintenance organization:

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

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

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

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

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

36 (D) A HEALTH MAINTENANCE ORGANIZATION SHALL PERMIT A PROVIDER A
37 MINIMUM OF 6 MONTHS FROM THE DATE A COVERED SERVICE IS RENDERED TO
38 SUBMIT A CLAIM FOR REIMBURSEMENT FOR THE SERVICE.

1 (E) (1) IF A HEALTH MAINTENANCE ORGANIZATION NOTIFIES A PROVIDER
2 THAT ADDITIONAL DOCUMENTATION IS NECESSARY TO ADJUDICATE A CLAIM, THE
3 HEALTH MAINTENANCE ORGANIZATION SHALL REIMBURSE THE PROVIDER FOR
4 COVERED SERVICES WITHIN 30 DAYS AFTER RECEIPT OF ALL REASONABLE AND
5 NECESSARY DOCUMENTATION.

6 (2) IF A HEALTH MAINTENANCE ORGANIZATION FAILS TO COMPLY
7 WITH THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION, THE HEALTH
8 MAINTENANCE ORGANIZATION SHALL PAY INTEREST IN ACCORDANCE WITH THE
9 REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION.

10 **Article - Insurance**

11 15-1005.

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

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

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

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

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

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

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

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

32 (D) AN INSURER OR A NONPROFIT HEALTH SERVICE PLAN SHALL PERMIT A
33 PROVIDER A MINIMUM OF 6 MONTHS FROM THE DATE A COVERED SERVICE IS
34 RENDERED TO SUBMIT A CLAIM FOR REIMBURSEMENT FOR THE SERVICE.

35 (E) (1) IF AN INSURER OR NONPROFIT HEALTH SERVICE PLAN NOTIFIES A
36 PROVIDER THAT ADDITIONAL DOCUMENTATION IS NECESSARY TO ADJUDICATE A
37 CLAIM, THE INSURER OR NONPROFIT HEALTH SERVICE PLAN SHALL REIMBURSE
38 THE PROVIDER FOR COVERED SERVICES WITHIN 30 DAYS AFTER RECEIPT OF ALL
39 REASONABLE AND NECESSARY DOCUMENTATION.

1 (2) IF AN INSURER OR NONPROFIT HEALTH SERVICE PLAN FAILS TO
2 COMPLY WITH THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION, THE
3 INSURER OR NONPROFIT HEALTH SERVICE PLAN SHALL PAY INTEREST IN
4 ACCORDANCE WITH THE REQUIREMENTS OF SUBSECTION (F) OF THIS SECTION.

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

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

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

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

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

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