
By: Senator Teitelbaum

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 6, 1997

Rule 32(a) suspended

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurers - Retroactive Reimbursement Denials - Insureds, Members, and**
3 **Subscribers**

4 FOR the purpose of restricting the time period during which certain health insurance
5 carriers may retroactively deny reimbursement to insureds, members, and
6 subscribers under certain circumstances; requiring certain health insurance carriers
7 to provide a certain statement; prohibiting certain health insurance carriers from
8 retroactively denying reimbursement or attempting to retroactively collect
9 reimbursement already paid to insureds, members, and subscribers under certain
10 circumstances; defining certain terms; and generally relating to retroactive denials
11 of reimbursement to insureds, members, and subscribers.

12 BY adding to

13 Article - Insurance
14 Section 15-508
15 Annotated Code of Maryland
16 (1995 Volume and 1996 Supplement)
17 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of 1997)

18 BY adding to

19 Article - Health - General
20 Section 19-706(n)
21 Annotated Code of Maryland
22 (1996 Replacement Volume and 1996 Supplement)

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

25 **Article - Insurance**

26 15-508.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
28 INDICATED.

2

1 (2) "CARRIER" MEANS:

2 (I) AN INSURER;

3 (II) A NONPROFIT HEALTH SERVICE PLAN;

4 (III) A HEALTH MAINTENANCE ORGANIZATION;

5 (IV) A DENTAL PLAN ORGANIZATION; OR

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

8 (3) "HEALTH CARE PROVIDER" MEANS A PERSON OR ENTITY LICENSED,
9 CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS
10 ARTICLE OR THE HEALTH - GENERAL ARTICLE TO PROVIDE HEALTH CARE
11 SERVICES.

12 (B) (1) IF A CARRIER RETROACTIVELY DENIES REIMBURSEMENT TO AN
13 INSURED, MEMBER, OR SUBSCRIBER FOR PAYMENTS MADE BY THE INSURED,
14 MEMBER, OR SUBSCRIBER TO A HEALTH CARE PROVIDER FOR HEALTH CARE
15 SERVICES RENDERED TO THE INSURED, MEMBER, OR SUBSCRIBER, THE CARRIER:

16 (I) MAY ONLY RETROACTIVELY DENY REIMBURSEMENT DURING
17 THE 4-MONTH PERIOD AFTER THE DATE THE CARRIER REIMBURSED THE INSURED,
18 MEMBER, OR SUBSCRIBER IN ACCORDANCE WITH THE CLAIM SUBMITTED BY THE
19 HEALTH CARE PROVIDER THAT RENDERED THE HEALTH CARE SERVICES TO THE
20 INSURED, MEMBER, OR SUBSCRIBER; AND

21 (II) SHALL PROVIDE THE INSURED, MEMBER, OR SUBSCRIBER
22 WITH A WRITTEN STATEMENT SPECIFYING THE BASIS FOR THE RETROACTIVE
23 DENIAL.

24 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, A
25 CARRIER THAT DOES NOT COMPLY WITH PARAGRAPH (1) OF THIS SUBSECTION MAY
26 NOT RETROACTIVELY DENY REIMBURSEMENT OR ATTEMPT IN ANY MANNER TO
27 RETROACTIVELY COLLECT REIMBURSEMENT PREVIOUSLY PAID TO THE INSURED,
28 MEMBER, OR SUBSCRIBER BY REDUCING REIMBURSEMENTS CURRENTLY OWED TO
29 THE INSURED, MEMBER, OR SUBSCRIBER, WITHHOLDING FUTURE
30 REIMBURSEMENT, OR IN ANY OTHER MANNER AFFECTING THE FUTURE
31 REIMBURSEMENT OF THE INSURED, MEMBER, OR SUBSCRIBER FOR PAYMENTS
32 MADE BY THE INSURED, MEMBER, OR SUBSCRIBER FOR HEALTH CARE SERVICES
33 RENDERED TO THE INSURED, MEMBER, OR SUBSCRIBER BY A HEALTH CARE
34 PROVIDER.

35 (3) THE PROVISIONS OF PARAGRAPHS (1)(I) AND (2) OF THIS
36 SUBSECTION DO NOT APPLY IF A CARRIER RETROACTIVELY DENIES
37 REIMBURSEMENT TO AN INSURED, MEMBER, OR SUBSCRIBER BECAUSE THE
38 HEALTH CARE SERVICES RENDERED TO THE ENROLLEE OR INSURED EXCEED THE
39 ANNUAL OR LIFETIME MAXIMUMS SET FORTH IN THE CONTRACT OF THE INSURED,
40 MEMBER, OR SUBSCRIBER.

3

1 **Article - Health - General**

2 19-706.

3 (N) THE PROVISIONS OF § 15-508 OF THE INSURANCE ARTICLE SHALL APPLY
4 TO HEALTH MAINTENANCE ORGANIZATIONS.

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