

SENATE BILL 444

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1998 Regular Session
8lr2153
CF 8lr2152

By: **Senator Dorman**

Introduced and read first time: February 6, 1998

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of prohibiting certain health insurance carriers from retroactively
5 denying reimbursement or attempting in any manner to retroactively collect
6 reimbursement already paid to a health care provider under certain
7 circumstances; making a stylistic change; and generally relating to retroactive
8 denials of reimbursement to health care providers.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 15-1008
12 Annotated Code of Maryland
13 (1997 Volume)

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

16 **Article - Insurance**

17 15-1008.

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

19 (2) "Carrier" means:

20 (i) an insurer;

21 (ii) a nonprofit health service plan;

22 (iii) a health maintenance organization;

23 (iv) a dental plan organization; or

24 (v) any other person that provides health benefit plans subject to
25 regulation by the State.

1 (3) "Health care provider" means a person or entity licensed, [certified]
2 CERTIFIED, or otherwise authorized under the Health Occupations Article or the
3 Health - General Article to provide health care services.

4 (b) (1) If a carrier retroactively denies reimbursement to a health care
5 provider, the carrier:

6 (i) may only retroactively deny reimbursement for services subject
7 to coordination of benefits with another carrier, the Maryland Medical Assistance
8 Program, or the Medicare Program during the 18-month period after the date that
9 the carrier paid the claim submitted by the health care provider; and

10 (ii) except as provided in item (i) of this paragraph, may only
11 retroactively deny reimbursement during the 6-month period after the date that the
12 carrier paid the claim submitted by the health care provider.

13 (2) EXCEPT FOR CASES OF FRAUD, A CARRIER MAY NOT UNDER ANY
14 CIRCUMSTANCES RETROACTIVELY DENY REIMBURSEMENT OR ATTEMPT IN ANY
15 MANNER TO RETROACTIVELY COLLECT REIMBURSEMENT ALREADY PAID TO A
16 HEALTH CARE PROVIDER FOR SERVICES WHICH WERE PREAUTHORIZED BY THE
17 CARRIER PRIOR TO THE SERVICES BEING PROVIDED.

18 [(2)] (3) (i) A carrier that retroactively denies reimbursement to a
19 health care provider under paragraph (1) of this subsection shall provide the health
20 care provider with a written statement specifying the basis for the retroactive denial.

21 (ii) If the retroactive denial of reimbursement results from
22 coordination of benefits, the written statement shall provide the name and address of
23 the entity acknowledging responsibility for payment of the denied claim.

24 (c) Except as provided in subsection (d) of this section, a carrier that does not
25 comply with the provisions of subsection (b) of this section may not retroactively deny
26 reimbursement or attempt in any manner to retroactively collect reimbursement
27 already paid to a health care provider by reducing reimbursements currently owed to
28 the health care provider, withholding future reimbursement, or in any other manner
29 affecting the future reimbursement to the health care provider.

30 (d) The provisions of subsection (b)(1) of this section do not apply if a carrier
31 retroactively denies reimbursement to a health care provider because the information
32 submitted to the carrier was fraudulent or improperly coded.

33 (e) If a carrier retroactively denies reimbursement for services as a result of
34 coordination of benefits under provisions of subsection (b)(1)(i) of this section, the
35 health care provider shall have 6 months from the date of denial, unless a carrier
36 permits a longer time period, to submit a claim for reimbursement for the service to
37 the carrier, Maryland Medical Assistance Program, or Medicare Program responsible
38 for payment.

39 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
40 October 1, 1998.

