
By: ~~Senator Dorman~~ **Senators Dorman and Ruben**
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Assigned to: Finance

Committee Report: Favorable with amendments
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CHAPTER _____

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 retroactive denial of reimbursement by a health~~
8 ~~insurance carrier to a health care provider under certain circumstances an~~
9 ~~unfair claim settlement practice; clarifying the applicability of Chapter 163 of~~
10 ~~the Acts of 1997; providing for the effective date of this Act; making a stylistic~~
11 ~~change; and generally relating to retroactive denials of reimbursement to health~~
12 ~~care providers.~~

13 BY repealing and reenacting, with amendments,
14 Article - Insurance
15 Section 15-1008 and 27-303
16 Annotated Code of Maryland
17 (1997 Volume)

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

20 **Article - Insurance**

21 15-1008.

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

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 subject to

7 regulation by the State.

8 (3) "Health care provider" means a person or entity licensed, [certified]

9 CERTIFIED, or otherwise authorized under the Health Occupations Article or the

10 Health - General Article to provide health care services.

11 (b) (1) If a carrier retroactively denies reimbursement to a health care

12 provider, the carrier:

13 (i) may only retroactively deny reimbursement for services subject

14 to coordination of benefits with another carrier, the Maryland Medical Assistance

15 Program, or the Medicare Program during the 18-month period after the date that

16 the carrier paid the claim submitted by the health care provider, REGARDLESS OF

17 THE DATE OF SERVICE; and

18 (ii) except as provided in item (i) of this paragraph, may only

19 retroactively deny reimbursement during the 6-month period after the date that the

20 carrier paid the claim submitted by the health care provider, REGARDLESS OF THE

21 DATE OF SERVICE.

22 ~~(2) EXCEPT FOR CASES OF FRAUD, A CARRIER MAY NOT UNDER ANY~~

23 ~~CIRCUMSTANCES RETROACTIVELY DENY REIMBURSEMENT OR ATTEMPT IN ANY~~

24 ~~MANNER TO RETROACTIVELY COLLECT REIMBURSEMENT ALREADY PAID TO A~~

25 ~~HEALTH CARE PROVIDER FOR SERVICES WHICH WERE PREAUTHORIZED BY THE~~

26 ~~CARRIER PRIOR TO THE SERVICES BEING PROVIDED.~~

27 [(2)] ~~(3)~~ (2) (i) A carrier that retroactively denies reimbursement to a

28 health care provider under paragraph (1) of this subsection shall provide the health

29 care provider with a written statement specifying the basis for the retroactive denial.

30 (ii) If the retroactive denial of reimbursement results from

31 coordination of benefits, the written statement shall provide the name and address of

32 the entity acknowledging responsibility for payment of the denied claim.

33 (c) Except as provided in subsection (d) of this section, a carrier that does not

34 comply with the provisions of subsection (b) of this section may not retroactively deny

35 reimbursement or attempt in any manner to retroactively collect reimbursement

36 already paid to a health care provider by reducing reimbursements currently owed to

1 the health care provider, withholding future reimbursement, or in any other manner
2 affecting the future reimbursement to the health care provider.

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

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

12 27-303.

13 It is an unfair claim settlement practice and a violation of this subtitle for an
14 insurer or nonprofit health service plan to:

15 (1) misrepresent pertinent facts or policy provisions that relate to the
16 claim or coverage at issue;

17 (2) refuse to pay a claim for an arbitrary or capricious reason based on
18 all available information;

19 (3) attempt to settle a claim based on an application that is altered
20 without notice to, or the knowledge or consent of, the insured;

21 (4) fail to include with each claim paid to an insured or beneficiary a
22 statement of the coverage under which payment is being made;

23 (5) fail to settle a claim promptly whenever liability is reasonably clear
24 under one part of a policy, in order to influence settlements under other parts of the
25 policy;

26 (6) fail to provide promptly on request a reasonable explanation of the
27 basis for a denial of a claim; [or]

28 (7) fail to meet the requirements of Title 19, Subtitle 13 of the Health -
29 General Article for preauthorization for a health care service; OR

30 (8) FAIL TO MEET THE REQUIREMENTS OF § 15-1008 OF THIS ARTICLE
31 REGARDING RETROACTIVE DENIAL OF REIMBURSEMENT.

32 SECTION 2. AND BE IT FURTHER ENACTED, That Section 1 of Chapter
33 163 of the Acts of 1997 of this Act applies to acts of retroactive denial or collection
34 occurring on or after October 1, 1997 regardless of the date of service.

35 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take
36 effect October 1 June 1, 1998.

