

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 444 (Senators Dorman and Ruben)

Finance

Health Insurance - Health Care Providers - Retroactive Denials of Reimbursement

This bill clarifies current law relating to the retroactive denial of health insurance claims. The bill specifies that Chapter 163 of 1997 applies to retroactive denials or collection of reimbursements on or after October 1, 1997, regardless of the date the health care service in question was rendered. In addition, the bill provides that it is an unfair claims settlement practice if a health insurer or nonprofit health service plan (carrier) violates the above provision. Under current law, which remains unchanged, the Insurance Commissioner may impose a maximum penalty of \$500 for violating this provision and require the carrier to make restitution to each claimant not to exceed the amount of actual economic damage.

The bill takes effect June 1, 1998.

Fiscal Summary

State Effect: Indeterminate increase in general fund revenues from penalties. No effect on expenditures.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: Chapter 163 of 1997 (Senate Bill 335) limits the time for making a retroactive denial to 6 months after payment of a claim, except for coordination of benefits or in cases of fraud or improper coding. A carrier must specify the basis for denial in writing, and if there is coordination of benefits, must give the provider the name and address of the responsible party. A retrospective denial may be made for coordination of benefits only during the 18-month period after the date that the carrier paid the claim, and subject to coordination with another carrier, the Maryland Medical Assistance Program, or the Medicare Program. Except in cases of improper coding or fraud, for coordination of benefits, or other retroactive denials made within the time limitations of the bill, a carrier may not collect reimbursement already paid to a provider by reducing reimbursement currently owed to the provider or by withholding future reimbursement.

Information Source(s): Department of Health and Mental Hygiene (Health Care Access and Cost Commission, Medical Care Policy Administration), Department of Budget and Management, Insurance Administration, Department of Legislative Services

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