

SENATE BILL 250

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1999 Regular Session
9r1631
CF 9r1792

By: **Senator Dorman**
Introduced and read first time: February 3, 1999
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 29, 1999

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - Retroactive Denial of Reimbursement - Improper**
3 **Coding**

4 FOR the purpose of ~~defining what constitutes improper coding for the purposes of~~
5 clarifying the circumstances under which the limitation of retroactive denial of
6 reimbursement is effective; providing for the application of this Act; providing
7 for a delayed effective date; defining certain terms; and generally relating to
8 retroactive denial of reimbursement.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 15-1008
12 Annotated Code of Maryland
13 (1997 Volume and 1998 Supplement)

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;

- 1 (ii) a nonprofit health service plan;
- 2 (iii) a health maintenance organization;
- 3 (iv) a dental plan organization; or
- 4 (v) any other person that provides health benefit plans subject to
- 5 regulation by the State.

6 (3) "CODE" MEANS:

7 (I) THE APPLICABLE CURRENT PROCEDURAL TERMINOLOGY (CPT)

8 CODE, AS ADOPTED BY THE AMERICAN MEDICAL ASSOCIATION;

9 (II) IF FOR A DENTAL SERVICE, THE APPLICABLE CODE ADOPTED

10 BY THE AMERICAN DENTAL ASSOCIATION; OR

11 (III) ANOTHER APPLICABLE CODE UNDER AN APPROPRIATE

12 UNIFORM CODING SCHEME USED BY A CARRIER IN ACCORDANCE WITH THIS

13 SECTION.

14 (4) "CODING GUIDELINES" MEANS THOSE STANDARDS OR PROCEDURES

15 USED OR APPLIED BY A PAYOR TO DETERMINE THE MOST ACCURATE AND

16 APPROPRIATE CODE OR CODES FOR PAYMENT BY THE PAYOR FOR A SERVICE OR

17 SERVICES.

18 (3) (5) "Health care provider" means a person or entity licensed,

19 certified or otherwise authorized under the Health Occupations Article or the Health

20 - General Article to provide health care services.

21 (4) ~~"IMPROPER CODING" MEANS THE USE OF A PROCEDURAL CODE FOR~~

22 ~~A PROCEDURE OR SERVICE DELIVERED, IN A SUBMISSION OF CLAIM INFORMATION,~~

23 ~~THAT DOES NOT CONFORM WITH:~~

24 (4) ~~THE VERSION OF THE AMERICAN MEDICAL ASSOCIATION'S~~

25 ~~CLINICAL PROCEDURAL TERMINOLOGY CODE BOOK IN EFFECT ON THE DATE A~~

26 ~~CLAIM WAS SUBMITTED TO A CARRIER FOR REIMBURSEMENT; OR~~

27 (4) ~~THE CODING GUIDELINES THAT A CARRIER HAS PROVIDED IN~~

28 ~~WRITING TO THE HEALTH CARE PROVIDER THAT ARE IN EFFECT ON THE DATE THAT~~

29 ~~THE CLAIM WAS SUBMITTED TO THE CARRIER FOR REIMBURSEMENT.~~

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

31 provider, the carrier:

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

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

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

35 the carrier paid the claim submitted by the health care provider; and

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

4 (2) (i) A carrier that retroactively denies reimbursement to a health
 5 care provider under paragraph (1) of this subsection shall provide the health care
 6 provider with a written statement specifying the basis for the retroactive denial.

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

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

16 (d) (1) The provisions of subsection (b)(1) of this section do not apply if:

17 (I) a carrier retroactively denies reimbursement to a health care
 18 provider because the information submitted to the carrier was fraudulent or
 19 improperly coded; AND

20 (II) IN THE CASE OF IMPROPER CODING, THE CARRIER HAS
 21 PROVIDED TO THE HEALTH CARE PROVIDER SUFFICIENT INFORMATION REGARDING
 22 THE CODING GUIDELINES USED BY THE CARRIER AT LEAST 30 DAYS PRIOR TO THE
 23 DATE THE SERVICES SUBJECT TO THE RETROACTIVE DENIAL WERE RENDERED.

24 (2) INFORMATION SUBMITTED TO THE CARRIER MAY BE CONSIDERED
 25 TO BE IMPROPERLY CODED UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE
 26 INFORMATION SUBMITTED TO THE CARRIER BY THE HEALTH CARE PROVIDER:

27 (I) USES CODES THAT DO NOT CONFORM WITH THE CODING
 28 GUIDELINES USED BY THE CARRIER APPLICABLE AS OF THE DATE THE SERVICE OR
 29 SERVICES WERE RENDERED; OR

30 (II) DOES NOT OTHERWISE CONFORM WITH THE CONTRACTUAL
 31 OBLIGATIONS OF THE HEALTH CARE PROVIDER TO THE CARRIER APPLICABLE AS OF
 32 THE DATE THE SERVICE OR SERVICES WERE RENDERED.

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.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to a
2 retroactive denial based on improper coding issued on or after January 1, 2000,
3 regardless of the date of the service subject to the retroactive denial.

4 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
5 effect ~~October 1, 1999~~ January 1, 2000.