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By: **Senator Dorman**

Introduced and read first time: February 5, 1999

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2                           **Health Insurance - Retroactive Denial of Reimbursement - Coordination of**  
3                           **Benefits**

4 FOR the purpose of prohibiting certain health insurance products from allowing  
5 retroactive denial of payment to a health care provider on the basis of a certain  
6 nonduplication provision or a certain provision to coordinate coverage; repealing  
7 authorization of a carrier to retroactively deny reimbursement for services  
8 subject to coordination of benefits during a certain period of time; repealing the  
9 requirement for a certain written statement; repealing a certain time limit;  
10 prohibiting a carrier from retroactively denying reimbursement for services  
11 subject to coordination of benefits with another carrier; and generally relating to  
12 retroactive denial of reimbursement for services subject to coordination of health  
13 insurance benefits.

14 BY repealing and reenacting, with amendments,  
15 Article - Health - General  
16 Section 19-713.1  
17 Annotated Code of Maryland  
18 (1996 Replacement Volume and 1998 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article - Insurance  
21 Section 15-104 and 15-1008  
22 Annotated Code of Maryland  
23 (1997 Volume and 1998 Supplement)

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

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**Article - Health - General**

2 19-713.1.

3 (a) A contract between a health maintenance organization and its subscribers  
4 or a group of subscribers may contain nonduplication provisions or provisions to  
5 coordinate the coverage with subscriber contracts of other health maintenance  
6 organizations, health insurance policies, including those of nonprofit health service  
7 plans, and with other established programs under which the subscriber or member  
8 may make a claim.

9 (b) Notwithstanding the provisions of subsection (a) of this section, a contract  
10 between a health maintenance organization and its subscribers or a group of  
11 subscribers may not:

12 (1) [contain] CONTAIN nonduplication provisions or provisions to  
13 coordinate coverage with any individually underwritten and issued, guaranteed  
14 renewable, specified disease policy, as defined in § 15-109 of the Insurance Article, or  
15 intensive care policy, which does not provide benefits on an expense incurred basis;  
16 OR

17 (2) ALLOW RETROACTIVE DENIAL OF PAYMENT TO A HEALTH CARE  
18 PROVIDER ON THE BASIS OF A NONDUPLICATION PROVISION OR PROVISION TO  
19 COORDINATE COVERAGE WITH AN ENTITY LISTED IN SUBSECTION (A) OF THIS  
20 SECTION.

21 (c) For purposes of this section, "intensive care policy" means a health  
22 insurance policy that provides benefits only when treatment is received in that  
23 specifically designated facility of a hospital that provides the highest level of care and  
24 which is restricted to those patients who are physically, critically ill or injured.

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**Article - Insurance**

26 15-104.

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

28 (2) "Intensive care policy" means a health insurance policy that provides  
29 benefits only for treatment received in the specifically designated facility of a hospital  
30 that provides the highest level of care and is restricted to patients who are physically  
31 and critically ill or injured.

32 (3) "Specified disease policy" has the meaning stated in § 15-109 of this  
33 subtitle.

34 (b) In accordance with regulations that the Commissioner adopts, the  
35 Commissioner shall allow health insurance policies and policies of nonprofit health  
36 service plans to contain nonduplication provisions or provisions to coordinate  
37 coverage with:

1 (1) other health insurance policies, including commercial individual,  
2 group, and blanket policies and policies of nonprofit health service plans;

3 (2) subscriber contracts that are issued by health maintenance  
4 organizations; and

5 (3) other established programs under which the insured may make a  
6 claim.

7 (c) Notwithstanding subsection (b) of this section or any other provision of this  
8 article, an individual, group, or blanket health insurance policy, nonprofit health  
9 insurance policy, or nonprofit health service plan may not:

10 (1) contain a nonduplication provision or provision to coordinate  
11 coverage with an individually underwritten and issued, guaranteed renewable,  
12 specified disease policy or intensive care policy, that does not provide benefits on an  
13 expense-incurred basis; OR

14 (2) ALLOW RETROACTIVE DENIAL OF PAYMENT TO A HEALTH CARE  
15 PROVIDER ON THE BASIS OF A NONDUPLICATION PROVISION OR PROVISION TO  
16 COORDINATE COVERAGE WITH AN ENTITY LISTED IN SUBSECTION (B) OF THIS  
17 SECTION.

18 15-1008.

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

20 (2) "Carrier" means:

21 (i) an insurer;

22 (ii) a nonprofit health service plan;

23 (iii) a health maintenance organization;

24 (iv) a dental plan organization; or

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

27 (3) "Health care provider" means a person or entity licensed, certified or  
28 otherwise authorized under the Health Occupations Article or the Health - General  
29 Article to provide health care services.

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

19 (e) [If a carrier retroactively denies reimbursement for services as a result of  
20 coordination of benefits under provisions of subsection (b)(1)(i) of this section, the  
21 health care provider shall have 6 months from the date of denial, unless a carrier  
22 permits a longer time period, to submit a claim for reimbursement for the service to  
23 the carrier, Maryland Medical Assistance Program, or Medicare Program responsible  
24 for payment.] **A CARRIER MAY NOT RETROACTIVELY DENY REIMBURSEMENT FOR  
25 SERVICES SUBJECT TO COORDINATION OF BENEFITS WITH ANOTHER CARRIER.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 October 1, 1999.