

SENATE BILL 601

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1999 Regular Session  
9lr0335

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By: **Senators Van Hollen and Teitelbaum**  
Introduced and read first time: February 5, 1999  
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Private Review Agents - Reimbursement to Health Care Providers**

3 FOR the purpose of requiring private review agents to reimburse providers for certain  
4 services rendered to certain members of health maintenance organizations with  
5 which the agent is contracted; mandating that health maintenance  
6 organizations that contract with private review agents be responsible for the  
7 private review agent's failure to pay for certain services; providing for interest  
8 penalties to be assessed to private review agents and health maintenance  
9 organizations under certain circumstances; and generally relating to the  
10 reimbursement of health care providers by private review agents.

11 BY repealing and reenacting, without amendments,  
12 Article - Insurance  
13 Section 15-10B-01(g)  
14 Annotated Code of Maryland  
15 (1997 Volume and 1998 Supplement)

16 BY adding to  
17 Article - Insurance  
18 Section 15-10B-17  
19 Annotated Code of Maryland  
20 (1997 Volume and 1998 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article - Insurance  
23 Section 15-10B-17 and 15-10B-18  
24 Annotated Code of Maryland  
25 (1997 Volume and 1998 Supplement)

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

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**Article - Insurance**

2 15-10B-01.

3 (g) "Private review agent" means:

4 (1) a nonhospital-affiliated person or entity performing utilization  
5 review that is either affiliated with, under contract with, or acting on behalf of:

6 (i) a Maryland business entity; or

7 (ii) a third party that provides or administers hospital benefits to  
8 citizens of this State, including:9 1. a health maintenance organization issued a certificate of  
10 authority in accordance with Title 19, Subtitle 7 of the Health - General Article; or11 2. a health insurer, nonprofit health service plan, health  
12 insurance service organization, or preferred provider organization authorized to offer  
13 health insurance policies or contracts in this State in accordance with this article; or14 (2) any person or entity including a hospital-affiliated person  
15 performing utilization review for the purpose of making claims or payment decisions  
16 on behalf of the employer's or labor union's health insurance plan under an employee  
17 assistance program for employees other than the employees:

18 (i) employed by the hospital; or

19 (ii) employed by a business wholly owned by the hospital.

20 15-10B-17.

21 (A) A PRIVATE REVIEW AGENT RESPONSIBLE FOR PAYMENT OF COVERED  
22 SERVICES TO A PROVIDER SHALL REIMBURSE THE PROVIDER WITHIN 30 DAYS AFTER  
23 RECEIPT OF A CLAIM THAT IS ACCOMPANIED BY ALL REASONABLE AND NECESSARY  
24 DOCUMENTATION.25 (B) (1) IF A PRIVATE REVIEW AGENT FAILS TO COMPLY WITH SUBSECTION  
26 (A) OF THIS SECTION, THE PRIVATE REVIEW AGENT SHALL PAY INTEREST  
27 BEGINNING WITH THE 31ST DAY ON THE AMOUNT OF THE CLAIM THAT REMAINS  
28 UNPAID AFTER 30 DAYS FOLLOWING THE RECEIPT OF THE CLAIM.29 (2) THE INTEREST PAYABLE SHALL BE AT THE RATE OF 1.5 PERCENT  
30 PER MONTH SIMPLE INTEREST PRORATED FOR ANY PORTION OF A MONTH.31 (3) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, WHEN  
32 PAYING A CLAIM MORE THAN 30 DAYS AFTER ITS RECEIPT, THE PRIVATE REVIEW  
33 AGENT SHALL ADD THE INTEREST PAYABLE TO THE AMOUNT OF THE UNPAID CLAIM  
34 WITHOUT THE NECESSITY FOR ANY CLAIM FOR THAT INTEREST TO BE MADE BY THE  
35 PROVIDER FILING THE ORIGINAL CLAIM.

1 (C) THE PROVISIONS OF THIS SECTION DO NOT APPLY TO CLAIMS WHERE:

2 (1) THERE IS A GOOD FAITH DISPUTE REGARDING:

3 (I) THE LEGITIMACY OF THE CLAIM; OR

4 (II) THE APPROPRIATE AMOUNT OF REIMBURSEMENT; AND

5 (2) THE PRIVATE REVIEW AGENT:

6 (I) NOTIFIES THE PROVIDER WITHIN 2 WEEKS OF THE RECEIPT OF  
7 THE CLAIM THAT THE LEGITIMACY OF THE CLAIM OR THE APPROPRIATE AMOUNT OF  
8 REIMBURSEMENT IS IN DISPUTE;

9 (II) SUPPLIES IN WRITING TO THE PROVIDER THE SPECIFIC  
10 REASONS WHY THE LEGITIMACY OF THE CLAIM, OR A PORTION OF THE CLAIM, OR  
11 THE APPROPRIATE AMOUNT OF REIMBURSEMENT IS IN DISPUTE;

12 (III) PAYS ANY UNDISPUTED PORTION OF THE CLAIM WITHIN 30  
13 DAYS OF THE RECEIPT OF THE CLAIM; AND

14 (IV) MAKES A GOOD FAITH, TIMELY EFFORT TO RESOLVE THE  
15 DISPUTE.

16 [15-10B-17.] 15-10B-18.

17 (a) A person who violates any provision of this subtitle or any regulation  
18 adopted under this subtitle is guilty of a misdemeanor and on conviction is subject to  
19 a penalty not exceeding \$1,000. Each day a violation is continued after the first  
20 conviction is a separate offense.

21 (b) (1) In addition to the provisions of subsection (a) of this section, the  
22 Commissioner may impose an administrative penalty of up to \$5,000 for a violation of  
23 any provision of this subtitle.

24 (2) The Commissioner shall adopt regulations to provide standards for  
25 the imposition of an administrative penalty under paragraph (1) of this subsection.

26 [15-10B-18.] 15-10B-19.

27 (a) Any person aggrieved by a final decision of the Commissioner in a  
28 contested case under this subtitle may take a direct judicial appeal.

29 (b) The appeal shall be made as provided for the judicial review of final  
30 decisions under Title 10, Subtitle 2 of the State Government Article.

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