
By: **Delegate Donoghue**

Introduced and read first time: January 28, 2000

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Preauthorized Health Care Services - Denials of**
3 **Reimbursement by Carriers**

4 FOR the purpose of prohibiting certain health insurance carriers from denying
5 reimbursement to a health care provider for preauthorized or approved services
6 delivered to a patient if a course of treatment has been preauthorized or
7 approved for the patient; providing certain exceptions; and generally relating to
8 denials of reimbursement by carriers for preauthorized or approved services
9 delivered to a patient.

10 BY repealing and reenacting, with amendments,

11 Article - Insurance

12 Section 15-1008

13 Annotated Code of Maryland

14 (1997 Volume and 1999 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Insurance**

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

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

3 (3) "Code" means:

4 (i) the applicable current procedural terminology (CPT) code, as
5 adopted by the American Medical Association;

6 (ii) if for a dental service, the applicable code adopted by the
7 American Dental Association; or

8 (iii) another applicable code under an appropriate uniform coding
9 scheme used by a carrier in accordance with this section.

10 (4) "Coding guidelines" means those standards or procedures used or
11 applied by a payor to determine the most accurate and appropriate code or codes for
12 payment by the payor for a service or services.

13 (5) "Health care provider" means a person or entity licensed, certified or
14 otherwise authorized under the Health Occupations Article or the Health - General
15 Article to provide health care services.

16 (b) (1) If a carrier retroactively denies reimbursement to a health care
17 provider, the carrier:

18 (i) may only retroactively deny reimbursement for services subject
19 to coordination of benefits with another carrier, the Maryland Medical Assistance
20 Program, or the Medicare Program during the 18-month period after the date that
21 the carrier paid the claim submitted by the health care provider; and

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

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

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

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

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

1 (i) a carrier retroactively denies reimbursement to a health care
2 provider because the information submitted to the carrier was fraudulent or
3 improperly coded; and

4 (ii) in the case of improper coding, the carrier has provided to the
5 health care provider sufficient information regarding the coding guidelines used by
6 the carrier at least 30 days prior to the date the services subject to the retroactive
7 denial were rendered.

8 (2) Information submitted to the carrier may be considered to be
9 improperly coded under paragraph (1) of this subsection if the information submitted
10 to the carrier by the health care provider:

11 (i) uses codes that do not conform with the coding guidelines used
12 by the carrier applicable as of the date the service or services were rendered; or

13 (ii) does not otherwise conform with the contractual obligations of
14 the health care provider to the carrier applicable as of the date the service or services
15 were rendered.

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

22 (F) IF A COURSE OF TREATMENT FOR A PATIENT HAS BEEN PREAUTHORIZED
23 OR APPROVED BY A CARRIER, THE CARRIER MAY NOT DENY REIMBURSEMENT TO A
24 HEALTH CARE PROVIDER FOR THE PREAUTHORIZED OR APPROVED SERVICES
25 DELIVERED TO THAT PATIENT UNLESS:

26 (1) THE INFORMATION SUBMITTED TO THE CARRIER REGARDING THE
27 SERVICES TO BE DELIVERED TO THE PATIENT WAS FRAUDULENT OR
28 INTENTIONALLY MISREPRESENTATIVE OR CRITICAL INFORMATION REQUESTED BY
29 THE CARRIER REGARDING SERVICES TO BE DELIVERED TO THE PATIENT WAS
30 OMITTED SUCH THAT THE CARRIER'S DETERMINATION WOULD HAVE BEEN
31 DIFFERENT HAD IT KNOWN THE CRITICAL INFORMATION; OR

32 (2) THE PLANNED COURSE OF TREATMENT FOR THE PATIENT THAT WAS
33 APPROVED BY THE CARRIER WAS NOT SUBSTANTIALLY FOLLOWED BY THE HEALTH
34 CARE PROVIDER.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 October 1, 2000.