

HOUSE BILL 305

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C3

2000 Regular Session  
(01r1806)

**ENROLLED BILL**  
-- Economic Matters/Finance --

Introduced by **Delegate Donoghue**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Insurance - Retroactive Denial of Reimbursement to Health Care**  
3 **Providers**

4 FOR the purpose of clarifying that a carrier may retroactively deny reimbursement to  
5 a health care provider or attempt in any manner to retroactively collect  
6 reimbursement already paid to a health care provider only during a certain  
7 period of time under certain circumstances; ~~authorizing a health care provider~~  
8 ~~to enforce certain provisions on retroactive denial of reimbursement by filing a~~  
9 ~~complaint with the Maryland Insurance Administration or by filing a certain~~  
10 ~~civil action; providing that certain provisions of law related to the retroactive~~  
11 ~~denial of reimbursement to a health care provider do not apply to adjustments to~~  
12 ~~reimbursements made as part of an annual contracted reconciliation of a risk~~  
13 ~~sharing arrangement under an administrative service provider contract; defining~~  
14 a certain term; ~~providing for the application of this Act; ~~providing for the~~~~  
15 ~~application of this Act;~~ and generally relating to retroactive denial of  
16 reimbursement to health care providers by carriers under health insurance.

17 BY repealing and reenacting, with amendments,

1 Article - Insurance  
2 Section 15-1008  
3 Annotated Code of Maryland  
4 (1997 Volume and 1999 Supplement)

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

7 **Article - Insurance**

8 15-1008.

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

10 (2) "Carrier" means:

11 (i) an insurer;

12 (ii) a nonprofit health service plan;

13 (iii) a health maintenance organization;

14 (iv) a dental plan organization; or

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

17 (3) "Code" means:

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

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

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

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

27 (5) "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 (6) "REIMBURSEMENT" MEANS PAYMENTS MADE TO A HEALTH CARE  
31 PROVIDER BY A CARRIER ON EITHER A FEE-FOR-SERVICE, CAPITATED, OR PREMIUM  
32 BASIS.

1 (B) THIS SECTION DOES NOT APPLY TO AN ADJUSTMENT TO  
 2 REIMBURSEMENT MADE AS PART OF AN ANNUAL CONTRACTED RECONCILIATION OF  
 3 A RISK SHARING ARRANGEMENT UNDER AN ADMINISTRATIVE SERVICE PROVIDER  
 4 CONTRACT.

5 ~~(b)~~ (C) (1) If a carrier retroactively denies reimbursement to a health care  
 6 provider, the carrier:

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

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

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

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

20 ~~(e)~~ (D) Except as provided in subsection ~~(d)~~ (E) of this section, a carrier that  
 21 does not comply with the provisions of subsection ~~(b)~~ (C) of this section may not  
 22 retroactively deny reimbursement or attempt in any manner to retroactively collect  
 23 reimbursement already paid to a health care provider [by reducing reimbursements  
 24 currently owed to the health care provider, withholding future reimbursement, or in  
 25 any other manner affecting the future reimbursement to the health care provider].

26 ~~(d)~~ (E) (1) The provisions of subsection ~~(b)(1)~~ (C)(1) of this section do not  
 27 apply if A CARRIER RETROACTIVELY DENIES REIMBURSEMENT TO A HEALTH CARE  
 28 PROVIDER BECAUSE:

29 (i) ~~a carrier retroactively denies reimbursement to a health care~~  
 30 ~~provider because the information submitted to the carrier was fraudulent or~~  
 31 ~~improperly coded; and;~~

32 (ii) ~~in the case of improper coding,~~ THE INFORMATION SUBMITTED  
 33 TO THE CARRIER WAS IMPROPERLY CODED AND the carrier has provided to the  
 34 health care provider sufficient information regarding the coding guidelines used by  
 35 the carrier at least 30 days prior to the date the services subject to the retroactive  
 36 denial were rendered; OR

37 (III) THE CLAIM SUBMITTED TO THE CARRIER WAS A DUPLICATE  
 38 CLAIM.

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

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

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

9 (e) (F) If a carrier retroactively denies reimbursement for services as a  
 10 result of coordination of benefits under provisions of subsection ~~(b)(1)(i)~~ (C)(1)(I) of this  
 11 section, the health care provider shall have 6 months from the date of denial, unless  
 12 a carrier permits a longer time period, to submit a claim for reimbursement for the  
 13 service to the carrier, Maryland Medical Assistance Program, or Medicare Program  
 14 responsible for payment.

15 ~~(F) A HEALTH CARE PROVIDER MAY ENFORCE THE PROVISIONS OF THIS~~  
 16 ~~SECTION BY FILING A COMPLAINT WITH THE ADMINISTRATION OR BY FILING A CIVIL~~  
 17 ~~ACTION IN A COURT OF COMPETENT JURISDICTION UNDER § 1-501 OR § 4-201 OF THE~~  
 18 ~~COURTS ARTICLE.~~

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies to  
 20 retroactive denials of reimbursement made on or after October 1, 2000.

21 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies to~~  
 22 ~~retroactive denials of reimbursement made on or after October 1, 2000.~~

23 SECTION 2. ~~3. 2. 3.~~ AND BE IT FURTHER ENACTED, That this Act shall take  
 24 effect October 1, 2000.