
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 - 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; defining a certain term; and generally relating to retroactive denial
11 of reimbursement to health care providers by carriers under health insurance.

12 BY repealing and reenacting, with amendments,
13 Article - Insurance
14 Section 15-1008
15 Annotated Code of Maryland
16 (1997 Volume and 1999 Supplement)

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

19 **Article - Insurance**

20 15-1008.

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

22 (2) "Carrier" means:

23 (i) an insurer;

24 (ii) a nonprofit health service plan;

25 (iii) a health maintenance organization;

26 (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 (6) "REIMBURSEMENT" MEANS PAYMENTS MADE TO A HEALTH CARE
17 PROVIDER BY A CARRIER ON EITHER A FEE-FOR-SERVICE, CAPITATED, OR PREMIUM
18 BASIS.

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

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

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

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

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

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

1 to the health care provider, withholding future reimbursement, or in any other
2 manner affecting the future reimbursement to the health care provider].

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

4 (i) a carrier retroactively denies reimbursement to a health care
5 provider because the information submitted to the carrier was fraudulent or
6 improperly coded; and

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

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

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

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

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.

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

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