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By: **Delegate Donoghue**  
Introduced and read first time: January 28, 2000  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: February 22, 2000

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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~~; defining a certain term; providing for the application of this Act; and  
11 generally relating to retroactive denial of reimbursement to health care  
12 providers by carriers under health insurance.

13 BY repealing and reenacting, with amendments,  
14 Article - Insurance  
15 Section 15-1008  
16 Annotated Code of Maryland  
17 (1997 Volume and 1999 Supplement)

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

20 **Article - Insurance**

21 15-1008.

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

1           (2)     "Carrier" means:  
2                   (i)     an insurer;  
3                   (ii)    a nonprofit health service plan;  
4                   (iii)  a health maintenance organization;  
5                   (iv)  a dental plan organization; or  
6                   (v)    any other person that provides health benefit plans subject to  
7 regulation by the State.

8           (3)     "Code" means:  
9                   (i)     the applicable current procedural terminology (CPT) code, as  
10 adopted by the American Medical Association;  
11                   (ii)    if for a dental service, the applicable code adopted by the  
12 American Dental Association; or  
13                   (iii)  another applicable code under an appropriate uniform coding  
14 scheme used by a carrier in accordance with this section.

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

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

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

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

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

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

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

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

4 (c) Except as provided in subsection (d) of this section, a carrier that does not  
5 comply with the provisions of subsection (b) of this section may not retroactively deny  
6 reimbursement or attempt in any manner to retroactively collect reimbursement  
7 already paid to a health care provider [by reducing reimbursements currently owed  
8 to the health care provider, withholding future reimbursement, or in any other  
9 manner affecting the future reimbursement to the health care provider].

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

11 (i) a carrier retroactively denies reimbursement to a health care  
12 provider because the information submitted to the carrier was fraudulent or  
13 improperly coded; and

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

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

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

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

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

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

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

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

