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By: **Delegates Goldwater, Barkley, Bronrott, Heller, Kopp, Petzold, and Mandel**

Introduced and read first time: February 10, 2000

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Retroactive Denial of Reimbursement to Health Care**  
3 **Providers by Carriers - Codes and Coding Guidelines**

4 FOR the purpose of altering the definition of "code" to exclude a certain code used by  
5 an insurance carrier under certain circumstances; altering the definition of  
6 "coding guidelines" to mean certain guidelines issued with certain codes;  
7 providing that certain time limits for retroactive denial of reimbursement to  
8 health care providers by carriers do not apply in the case of improper coding  
9 under certain circumstances; providing that certain information may be  
10 considered improperly coded if the information uses certain codes that do not  
11 conform with certain coding guidelines; and generally relating to codes and  
12 coding guidelines used in relation to retroactive denial of reimbursement to  
13 health care providers by carriers.

14 BY repealing and reenacting, with amendments,  
15 Article - Insurance  
16 Section 15-1008  
17 Annotated Code of Maryland  
18 (1997 Volume and 1999 Supplement)

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

21 **Article - Insurance**

22 15-1008.

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

24 (2) "Carrier" means:

25 (i) an insurer;

26 (ii) a nonprofit health service plan;

- 1 (iii) a health maintenance organization;
- 2 (iv) a dental plan organization; or
- 3 (v) any other person that provides health benefit plans subject to  
4 regulation by the State.

5 (3) "Code" means:

6 (i) the applicable current procedural terminology (CPT) code, as  
7 adopted by the American Medical Association; OR

8 (ii) if for a dental service, the applicable code adopted by the  
9 American Dental Association[]; or

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

12 (4) "Coding guidelines" means those [standards or procedures]  
13 GUIDELINES ISSUED WITH THE CURRENT PROCEDURAL TERMINOLOGY (CPT) CODES  
14 ADOPTED BY THE AMERICAN MEDICAL ASSOCIATION, OR ISSUED WITH THE CODES  
15 ADOPTED BY THE AMERICAN DENTAL ASSOCIATION, used or applied by a payor to  
16 determine the most accurate and appropriate code or codes for payment by the payor  
17 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 (b) (1) If a carrier retroactively denies reimbursement to a health care  
22 provider, the carrier:

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

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

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

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

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

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

8 (i) a carrier retroactively denies reimbursement to a health care  
9 provider because the information submitted to the carrier was fraudulent or  
10 improperly coded; and

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

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

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

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

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

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