HOUSE BILL 762

Unofficial Copy 2000 Regular Session
C3 0lr2443
CF 0lr2349

By: **Delegates Hammen and McHale**
Introduced and read first time: February 10, 2000
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Uniform Claims Forms - Clean Claims**

3 FOR the purpose of consolidating certain provisions relating to acceptance of uniform
4 claims forms for reimbursement by insurers, nonprofit health service plans, and
5 health maintenance organizations; requiring the Insurance Commissioner to
6 adopt certain regulations relating to certain uniform claims forms for
7 reimbursement of hospitals and health care practitioners by insurers, nonprofit
8 health service plans, and health maintenance organizations; specifying certain
9 contents of certain regulations; requiring certain uniform claims forms to be
10 properly completed in accordance with certain regulations; altering a certain
11 penalty for certain violations relating to uniform claims forms; providing that
12 insurers, nonprofit health service plans, and health maintenance organizations
13 shall pay or refuse to reimburse certain clean claims in a certain manner and
14 within certain time periods; defining a certain term; providing that certain
15 regulations shall be adopted on or before a certain date; and generally relating
16 to uniform claims forms for reimbursement under health insurance.

17 BY repealing
18 Article - Health - General
19 Section 19-712.3
20 Annotated Code of Maryland
21 (1996 Replacement Volume and 1999 Supplement)

22 BY repealing and reenacting, with amendments,
23 Article - Insurance
24 Section 15-1004 and 15-1005
25 Annotated Code of Maryland
26 (1997 Volume and 1999 Supplement)

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

1 **Article - Health - General**

2 [19-712.3.

3 (a) Except as provided in subsection (d) of this section, for services rendered to
4 its members or subscribers, a health maintenance organization shall accept as a
5 properly filed claim and the sole instrument for reimbursement the uniform claims
6 form submitted by a hospital or health care practitioner in accordance with § 15-1003
7 of the Insurance Article.

8 (b) The uniform claims form submitted under this section:

9 (1) Shall be properly completed; and

10 (2) May be submitted by electronic transfer.

11 (c) A health maintenance organization may not impose as a condition of
12 payment any requirements on a hospital or health care practitioner to:

13 (1) Modify the uniform claims form or its content; or

14 (2) Submit additional claims forms.

15 (d) When the legitimacy or appropriateness of the health care service is
16 disputed, a health maintenance organization may request additional medical
17 information that describes and summarizes the diagnosis, treatment, and services
18 rendered to the member or subscriber.

19 (e) When necessary to determine eligibility for benefits or for determination of
20 coverage, a health maintenance organization may obtain additional information from
21 its subscriber or member, the employer of the subscriber or member, or any other
22 non-provider third party, provided that any delays in paying a uniform claim
23 resulting from obtaining this information are subject to the provisions of §
24 19-712.1(b) of this subtitle.

25 (f) The Commissioner may impose a penalty not to exceed $500 on any health
26 maintenance organization that violates the provisions of this section.]

27 **Article - Insurance**

28 15-1004.

29 (A) IN THIS SECTION, "CLEAN CLAIM" MEANS A CLAIM FOR REIMBURSEMENT
30 AS DEFINED IN REGULATIONS ADOPTED BY THE COMMISSIONER UNDER
31 SUBSECTION (D) OF THIS SECTION.

32 [(a)] (B) For services rendered by a person entitled to reimbursement under §
33 15-701(a) of this title or by a hospital, as defined in § 19-301 of the Health - General
34 Article, an insurer, [or] nonprofit health service plan, OR HEALTH MAINTENANCE
35 ORGANIZATION:

1 (1) [except as provided in subsection (c) of this section,] shall accept the
2 uniform claims form adopted by the Commissioner under § 15-1003 of this subtitle:

3 (i) as a properly filed claim with all necessary documentation; and

4 (ii) as the sole instrument for reimbursement; and

5 (2) may not impose as a condition of reimbursement a requirement to:

6 (i) modify the uniform claims form or its content; or

7 (ii) submit additional claims forms.

8 [(b)] (C) (1) A uniform claims form submitted under this section shall be
9 completed properly IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION and
10 may be submitted by electronic transfer.

11 (2) If the health care practitioner rendering the service is a certified
12 registered nurse anesthetist or certified nurse midwife, the uniform claims form shall
13 include identification modifiers for the certified registered nurse anesthetist or
14 certified nurse midwife that indicate whether the service is provided with or without
15 medical direction by a physician.

16 [(c) If the legitimacy or appropriateness of a health care service is disputed, an
17 insurer or nonprofit health service plan may request additional medical information
18 that describes and summarizes the diagnosis, treatment, and services rendered to the
19 insured.]

20 (D) (1) THE COMMISSIONER SHALL ADOPT REGULATIONS DEFINING A
21 CLEAN CLAIM FOR PURPOSES OF THIS SECTION.

22 (2) THE REGULATIONS SHALL SPECIFY:

23 (I) THE ESSENTIAL DATA ELEMENTS THAT MUST BE COMPLETED
24 ON THE UNIFORM CLAIMS FORM FOR THE CLAIM TO BE CONSIDERED A CLEAN
25 CLAIM;

26 (II) WHEN A CLAIM IS CONSIDERED RECEIVED BY THE INSURER,
27 NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION;

28 (III) THAT, EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS
29 SUBSECTION, REQUESTS FOR ATTACHMENTS SHALL COMPLY WITH THE STANDARDS
30 FOR ATTACHMENTS REQUIRED BY THE FEDERAL HEALTH CARE FINANCING
31 ADMINISTRATION FOR THE MEDICARE PROGRAM;

32 (IV) THAT INSURERS, NONPROFIT HEALTH SERVICE PLANS, AND
33 HEALTH MAINTENANCE ORGANIZATIONS SHALL PROVIDE AND UPDATE, AS
34 APPROPRIATE, ALL AFFECTED PROVIDERS WITH A MANUAL OR OTHER DOCUMENT
35 THAT SETS FORTH THE CLAIMS FILING PROCEDURES, INCLUDING:

1 1. THE ADDRESS WHERE THE CLAIMS SHOULD BE SENT FOR
2 PROCESSING;

3 2. THE TELEPHONE NUMBER AT WHICH PROVIDERS'
4 QUESTIONS AND CONCERNS REGARDING CLAIMS MAY BE ADDRESSED;

5 3. THE NAME, ADDRESS, AND TELEPHONE NUMBER OF ANY
6 ENTITY TO WHICH THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
7 MAINTENANCE ORGANIZATION HAS DELEGATED THE CLAIMS PAYMENT FUNCTION,
8 IF APPLICABLE; AND

9 4. THE ADDRESS AND TELEPHONE NUMBER OF ANY
10 SEPARATE CLAIMS PROCESSING CENTER FOR SPECIFIC TYPES OF SERVICES, IF
11 APPLICABLE; AND

12 (V) THAT IF AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR
13 HEALTH MAINTENANCE ORGANIZATION HAS DELEGATED ITS CLAIMS PROCESSING
14 FUNCTION TO A THIRD PARTY, THE DELEGATION AGREEMENT:

15 1. SHALL REQUIRE THE CLAIMS PROCESSING ENTITY TO
16 COMPLY WITH THE REQUIREMENTS OF THIS SUBTITLE; AND

17 2. MAY NOT BE CONSTRUED TO LIMIT THE RESPONSIBILITY
18 OF THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE
19 ORGANIZATION TO COMPLY WITH THE REQUIREMENTS OF THIS SUBTITLE.

20 (3) ADDITIONAL DATA ELEMENTS OR ATTACHMENTS MAY NOT BE
21 REQUIRED UNLESS:

22 (I) APPROVED BY THE COMMISSIONER;

23 (II) MADE APPLICABLE TO ALL INSURERS, NONPROFIT HEALTH
24 SERVICE PLANS, AND HEALTH MAINTENANCE ORGANIZATIONS; AND

25 (III) AFTER APPROVAL BY THE COMMISSIONER:

26 1. WRITTEN NOTICE OF ANY CHANGE IS RECEIVED BY THE
27 PROVIDER AT LEAST 60 DAYS BEFORE THE CHANGE TAKES EFFECT; AND

28 2. THE MANUAL OR OTHER DOCUMENT THAT SETS FORTH
29 THE CLAIMS FILING PROCEDURES IS UPDATED TO REFLECT THE CHANGE AND IS
30 SENT TO THE PROVIDER AT LEAST 60 DAYS BEFORE THE CHANGE TAKES EFFECT.

31 [(d)] (E) (1) If necessary to determine eligibility for benefits or to determine
32 coverage, an insurer, [or] nonprofit health service plan, OR HEALTH MAINTENANCE
33 ORGANIZATION may obtain additional information from its insured, MEMBER, OR
34 SUBSCRIBER, the [insured's] employer OF THE INSURED, MEMBER OR SUBSCRIBER,
35 or any other nonprovider third party.

1 (2) If obtaining additional information results in a delay in paying a
2 claim, the insurer, [or] nonprofit health service plan, OR HEALTH MAINTENANCE
3 ORGANIZATION shall pay interest in accordance with the provisions of § 15-1005(d) of
4 this subtitle.

5 [(e)] (F) The Commissioner may impose a penalty not exceeding [$500] $5,000
6 on an insurer, [or] nonprofit health service plan, OR HEALTH MAINTENANCE
7 ORGANIZATION that violates this section.

8 15-1005.

9 (a) [This section does not apply when there is a good faith dispute about the
10 legitimacy of a claim or the appropriate amount of reimbursement.] IN THIS SECTION,
11 "CLEAN CLAIM" MEANS A CLAIM FOR REIMBURSEMENT AS DEFINED IN
12 REGULATIONS ADOPTED BY THE COMMISSIONER UNDER § 15-1004 OF THIS
13 SUBTITLE.

14 (b) To the extent consistent with the Employee Retirement Income Security
15 Act of 1974 (ERISA), 29 U.S.C. 1001, et seq., this section applies to an insurer,
16 nonprofit health service plan, or health maintenance organization that acts as a third
17 party administrator.

18 (c) [Within 30 days after] AFTER receipt of a CLEAN claim for reimbursement
19 from a person entitled to reimbursement under § 15-701(a) of this title or from a
20 hospital or related institution, as those terms are defined in § 19-301 of the Health -
21 General Article, an insurer, nonprofit health service plan, or health maintenance
22 organization shall:

23 (1) WITHIN 30 DAYS, pay the claim in accordance with this section; or

24 (2) WITHIN 15 DAYS, send a notice of receipt and status of the claim that
25 states:

26 (i) that the insurer, nonprofit health service plan, or health
27 maintenance organization refuses to reimburse all or part of the claim and the reason
28 for the refusal; or

29 (ii) that additional information is necessary [to determine if all or
30 part of the claim will be reimbursed] FOR THE CLAIM TO BE CONSIDERED A CLEAN
31 CLAIM and what specific additional information is necessary.

32 (d) An insurer, nonprofit health service plan, or health maintenance
33 organization shall permit a provider a minimum of 6 months from the date a covered
34 service is rendered to submit a claim for reimbursement for the service.

35 (e) (1) If an insurer, nonprofit health service plan, or health maintenance
36 organization notifies a provider that additional documentation is necessary [to
37 adjudicate a claim] FOR THE CLAIM TO BE CONSIDERED A CLEAN CLAIM, the insurer,
38 nonprofit health service plan, or health maintenance organization shall reimburse

1 the provider for covered services within 30 days after receipt of all reasonable and
2 necessary documentation.

3 (2) If an insurer, nonprofit health service plan, or health maintenance
4 organization fails to comply with the requirements of paragraph (1) of this subsection,
5 the insurer, nonprofit health service plan, or health maintenance organization shall
6 pay interest in accordance with the requirements of subsection (f) of this section.

7 (f) (1) If an insurer, nonprofit health service plan, or health maintenance
8 organization fails to comply with subsection (c) of this section, the insurer, nonprofit
9 health service plan, or health maintenance organization shall pay interest on the
10 amount of the claim that remains unpaid 30 days after the claim is filed at the
11 monthly rate of:

12 (i) 1.5% from the 31st day through the 60th day;

13 (ii) 2% from the 61st day through the 120th day; and

14 (iii) 2.5% after the 120th day.

15 (2) The interest paid under this subsection shall be included in any late
16 reimbursement without the necessity for the person that filed the original claim to
17 make an additional claim for that interest.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the regulations required
19 under Section 1 of this Act shall be adopted on or before October 1, 2000. To facilitate
20 implementation of the requirements of this Act, the Insurance Commissioner shall
21 convene a State Uniform Billing Committee comprised of representatives of the
22 affected parties to advise and assist in the development of the regulations.

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