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By: **Senator Dorman**  
Introduced and read first time: January 31, 2000  
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Preauthorized Health Care Services - Denials of**  
3 **Reimbursement by Carriers**

4 FOR the purpose of prohibiting certain health insurance carriers from denying  
5 reimbursement to a health care provider for preauthorized or approved services  
6 delivered to a patient if a course of treatment has been preauthorized or  
7 approved for the patient; providing certain exceptions; and generally relating to  
8 denials of reimbursement by carriers for preauthorized or approved services  
9 delivered to a patient.

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

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

17 **Article - Insurance**

18 15-1008.

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

20 (2) "Carrier" means:

- 21 (i) an insurer;
- 22 (ii) a nonprofit health service plan;
- 23 (iii) a health maintenance organization;
- 24 (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 (b) (1) If a carrier retroactively denies reimbursement to a health care  
17 provider, the carrier:

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

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

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

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

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

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

1 (i) a carrier retroactively denies reimbursement to a health care  
2 provider because the information submitted to the carrier was fraudulent or  
3 improperly coded; and

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

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

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

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

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

22 (F) IF A COURSE OF TREATMENT FOR A PATIENT HAS BEEN PREAUTHORIZED  
23 OR APPROVED BY A CARRIER, THE CARRIER MAY NOT DENY REIMBURSEMENT TO A  
24 HEALTH CARE PROVIDER FOR THE PREAUTHORIZED OR APPROVED SERVICES  
25 DELIVERED TO THAT PATIENT UNLESS:

26 (1) THE INFORMATION SUBMITTED TO THE CARRIER REGARDING THE  
27 SERVICES TO BE DELIVERED TO THE PATIENT WAS FRAUDULENT OR  
28 INTENTIONALLY MISREPRESENTATIVE OR CRITICAL INFORMATION REQUESTED BY  
29 THE CARRIER REGARDING SERVICES TO BE DELIVERED TO THE PATIENT WAS  
30 OMITTED SUCH THAT THE CARRIER'S DETERMINATION WOULD HAVE BEEN  
31 DIFFERENT HAD IT KNOWN THE CRITICAL INFORMATION; OR

32 (2) THE PLANNED COURSE OF TREATMENT FOR THE PATIENT THAT WAS  
33 APPROVED BY THE CARRIER WAS NOT SUBSTANTIALLY FOLLOWED BY THE HEALTH  
34 CARE PROVIDER.

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