

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 305 (Delegate Donoghue)

Economic Matters

Health Insurance - Retroactive Denial of Reimbursement to Health Care Providers

This bill prohibits a carrier who has not complied with retroactive denial time frames from retroactively denying “reimbursement” to a provider in any manner unless: (1) a health care provider submitted fraudulent or improperly coded information to the carrier; (2) in the case of improper coding, the carrier had provided its coding guidelines at least 30 days prior to the date services were rendered; or (3) the claim submitted to the carrier was a duplicate claim. The bill defines reimbursement to mean a payment made to a health care provider by a carrier, whether on a fee-for-service, capitated, or premium basis. Retroactive denial of reimbursement provisions do not apply to an adjustment to reimbursement made as part of an annual contracted reconciliation of a risk sharing arrangement under an administrative service provider contract.

The bill’s requirements apply to retroactive denials of reimbursement made on or after October 1, 2000.

Fiscal Summary

State Effect: Expenditures for the State Employee Health Benefits Plan may increase by a minimal amount. Minimal general fund revenue increase from the State’s 2% insurance premium tax on for-profit carriers. Minimal special fund revenue increase for the Maryland Insurance Administration from the \$125 rate and form filing fee.

Local Effect: Expenditures for local jurisdiction employee health benefits could increase if carriers increase their premiums as a result of this bill. Any increase is expected to be minimal.

Small Business Effect: Potential minimal. Health insurance costs for small businesses may increase if carriers raise premiums as a result of this bill.

Analysis

Current Law: A carrier that wants to retroactively deny reimbursement to a provider must do so within 18 months if denial is based on coordination of benefits with another carrier or within six months for any other reason. A carrier that does not comply with these time limits is prohibited from retroactively denying reimbursement by: (1) reducing reimbursements currently owed to the provider; (2) withholding future reimbursement; or (3) any other manner affecting future reimbursement to a carrier.

State Fiscal Effect: The bill limits the situations in which a carrier may retroactively deny reimbursement to a health care provider, thus increasing carrier costs. To the extent that carrier expenditures increase for claims it could formerly deny, a carrier may pass the increased costs on to the State as increased premiums. Any increase is expected to be minimal.

Additional Information

Prior Introductions: None.

Cross File: SB 274 (Senator Dorman) - Finance.

Information Source(s): Maryland Insurance Administration, Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

Fiscal Note History: First Reader - February 4, 2000
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