
By: **Delegate Barve**
Introduced and read first time: February 9, 2001
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 6, 2001

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - ~~Appealing Denials of Claims for Reimbursement of~~**
3 **Claims for Reimbursement for Health Care Services Rendered**

4 FOR the purpose of clarifying the period of time within which a provider must submit
5 a claim for reimbursement for health care services rendered; requiring an
6 insurer, nonprofit health service plan, or health maintenance organization to
7 permit a provider to appeal a certain denial of a claim for reimbursement ~~of~~ for
8 health care services rendered within a certain period of time; providing for the
9 application of this Act; and generally relating to ~~appealing denials of~~ claims for
10 reimbursement ~~of~~ for health care services rendered under health insurance.

11 BY repealing and reenacting, with amendments,
12 Article - Insurance
13 Section 15-1005
14 Annotated Code of Maryland
15 (1997 Volume and 2000 Supplement)

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

18 **Article - Insurance**

19 15-1005.

20 (a) In this section, "clean claim" means a claim for reimbursement, as defined
21 in regulations adopted by the Commissioner under § 15-1003 of this subtitle.

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

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

9 (1) pay the claim in accordance with this section; or

10 (2) send a notice of receipt and status of the claim that states:

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

14 (ii) that, in accordance with § 15-1003(d)(1)(ii) of this subtitle, the
15 legitimacy of the claim or the appropriate amount of reimbursement is in dispute and
16 additional information is necessary to determine if all or part of the claim will be
17 reimbursed and what specific additional information is necessary; or

18 (iii) that the claim is not clean and the specific additional
19 information necessary for the claim to be considered a clean claim.

20 (d) (1) An insurer, nonprofit health service plan, or health maintenance
21 organization shall permit a provider a minimum of ~~6 months~~ 180 DAYS from the date
22 a covered service is rendered to submit a claim for reimbursement for the service.

23 (2) IF AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
24 MAINTENANCE ORGANIZATION WHOLLY OR PARTIALLY DENIES A CLAIM FOR
25 REIMBURSEMENT, THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
26 MAINTENANCE ORGANIZATION SHALL PERMIT A PROVIDER A MINIMUM OF ~~6~~
27 MONTHS 90 DAYS AFTER THE DATE OF DENIAL OF THE CLAIM TO APPEAL THE
28 DENIAL.

29 (e) (1) If an insurer, nonprofit health service plan, or health maintenance
30 organization provides notice under subsection (c)(2)(i) of this section, the insurer,
31 nonprofit health service plan, or health maintenance organization shall pay any
32 undisputed portion of the claim within 30 days of receipt of the claim, in accordance
33 with this section.

34 (2) If an insurer, nonprofit health service plan, or health maintenance
35 organization provides notice under subsection (c)(2)(ii) of this section, the insurer,
36 nonprofit health service plan, or health maintenance organization shall:

37 (i) pay any undisputed portion of the claim in accordance with this
38 section; and

1 (ii) comply with subsection (c)(1) or (2)(i) of this section within 30
2 days after receipt of the requested additional information.

3 (3) If an insurer, nonprofit health service plan, or health maintenance
4 organization provides notice under subsection (c)(2)(iii) of this section, the insurer,
5 nonprofit health service plan, or health maintenance organization shall comply with
6 subsection (c)(1) or (2)(i) of this section within 30 days after receipt of the requested
7 additional information.

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

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

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

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

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

19 (g) An insurer, nonprofit health service plan, or health maintenance
20 organization that violates a provision of this section is subject to:

21 (1) a fine not exceeding \$500 for each violation that is arbitrary and
22 capricious, based on all available information; and

23 (2) the penalties prescribed under § 4-113(d) of this article for violations
24 committed with a frequency that indicates a general business practice.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
26 claim denials made on or after October 1, 2001.

27 ~~SECTION 2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
28 effect October 1, 2001.