

SENATE BILL 285

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2001 Regular Session  
11r1778  
CF 11r1467

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By: **Senators Astle, Dorman, Roesser, and Teitelbaum**  
Introduced and read first time: January 26, 2001  
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Claims for Reimbursement of Health Care Services Rendered - Interest on**  
3 **Unpaid Claims**

4 FOR the purpose of requiring an insurer, nonprofit health service plan, or health  
5 maintenance organization to pay all of a claim for reimbursement from certain  
6 persons or certain hospitals or related institutions under certain circumstances  
7 within a certain period of time after receipt of the claim; requiring an insurer,  
8 nonprofit health service plan, or health maintenance organization that fails to  
9 pay all or part of a certain claim for reimbursement that is determined to be due,  
10 to pay certain interest on the amount of the claim that remains unpaid after a  
11 certain date; and generally relating to payment of claims and interest on claims  
12 for reimbursement of health care services rendered.

13 BY repealing and reenacting, with amendments,  
14 Article - Insurance  
15 Section 15-1005  
16 Annotated Code of Maryland  
17 (1997 Volume and 2000 Supplement)

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

20 **Article - Insurance**

21 15-1005.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (f) (1) If an insurer, nonprofit health service plan, or health maintenance  
37 organization fails to comply with subsection (c) of this section, OR IF AN INSURER,  
38 NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION

1 FAILS TO PAY ALL OR PART OF A CLAIM UNDER SUBSECTION (C) OF THIS SECTION  
2 AND THAT UNPAID AMOUNT IS DETERMINED TO BE DUE UNDER THE CLAIM, the  
3 insurer, nonprofit health service plan, or health maintenance organization shall pay  
4 interest on the amount of the claim that remains unpaid 30 days after the claim is  
5 received at the monthly rate of:

- 6                   (i)       1.5% from the 31st day through the 60th day;  
7                   (ii)       2% from the 61st day through the 120th day; and  
8                   (iii)      2.5% after the 120th day.

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

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

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

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

18       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 October 1, 2001.