

SENATE BILL 591

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C3

2001 Regular Session  
(11r2340)

**ENROLLED BILL**  
-- Finance/Economic Matters --

Introduced by **Senator Teitelbaum**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

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)

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

3 **Article - Insurance**

4 15-1005.

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

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

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

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

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

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

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

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

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

29 (2) IF AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH  
30 MAINTENANCE ORGANIZATION WHOLLY OR PARTIALLY DENIES A CLAIM FOR  
31 REIMBURSEMENT, THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH  
32 MAINTENANCE ORGANIZATION SHALL PERMIT A PROVIDER A MINIMUM OF ~~6~~  
33 MONTHS 90 WORKING DAYS AFTER THE DATE OF DENIAL OF THE CLAIM TO APPEAL  
34 THE DENIAL.

35 (e) (1) If an insurer, nonprofit health service plan, or health maintenance  
36 organization provides notice under subsection (c)(2)(i) of this section, the insurer,  
37 nonprofit health service plan, or health maintenance organization shall pay any

1 undisputed portion of the claim within 30 days of receipt of the claim, in accordance  
2 with this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

