
By: **Senator Della**
Introduced and read first time: February 2, 2001
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurers and Health Maintenance Organizations - Prompt Payment -**
3 **Workers' Compensation Claims**

4 FOR the purpose of requiring an insurer, nonprofit health service plan, or health
5 maintenance organization to comply with prompt payment requirements,
6 notwithstanding the fact that compensability under the workers' compensation
7 law remains to be determined for the injury or medical condition treated;
8 authorizing an insurer, nonprofit health service plan, or health maintenance
9 organization to seek reimbursement from a member, after workers'
10 compensation is determined to be payable, for payments made; limiting the
11 amount of reimbursement which an insurer, nonprofit health service plan, or
12 health maintenance organization may seek from a member; prohibiting the
13 insurer, nonprofit health service plan, or health maintenance organization from
14 seeking reimbursement from a member for certain interest payments made; and
15 generally relating to the prompt payment of claims by an insurer, nonprofit
16 health service plan, or health maintenance organization when the
17 determination of compensability under the workers' compensation law remains
18 to be determined.

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 15-1005
22 Annotated Code of Maryland
23 (1997 Volume and 2000 Supplement)

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

26 **Article - Insurance**

27 15-1005.

28 (a) In this section, "clean claim" means a claim for reimbursement, as defined
29 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) An insurer, nonprofit health service plan, or health maintenance
21 organization shall permit a provider a minimum of 6 months from the date a covered
22 service is rendered to submit a claim for reimbursement for the service.

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

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

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

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

35 (3) If an insurer, nonprofit health service plan, or health maintenance
36 organization provides notice under subsection (c)(2)(iii) of this section, the insurer,
37 nonprofit health service plan, or health maintenance organization shall comply with

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

3 (F) (1) AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
4 MAINTENANCE ORGANIZATION:

5 (I) SHALL COMPLY WITH THE PROVISIONS OF THIS SECTION FOR
6 SERVICES RENDERED TO ITS MEMBERS BY A PROVIDER FOR AN INJURY AND OTHER
7 MEDICAL CONDITION WHICH IS OR MAY BE COVERED UNDER A WORKER'S
8 COMPENSATION CLAIM; AND

9 (II) MAY NOT DELAY PAYMENT ON THE CLAIM WHILE THE ISSUE OF
10 THE COMPENSABILITY OF THE WORKERS' COMPENSATION IS BEING DETERMINED.

11 (2) (I) IF THE INJURY OR OTHER MEDICAL CONDITION IS
12 SUBSEQUENTLY DETERMINED TO BE COMPENSABLE, AN INSURER, NONPROFIT
13 HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION THAT MAKES
14 PAYMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY SEEK REIMBURSEMENT
15 FROM THE MEMBER FOR WHOM PAYMENT WAS MADE.

16 (II) THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
17 MAINTENANCE ORGANIZATION MAY NOT SEEK REIMBURSEMENT FROM ITS MEMBER
18 FOR AN AMOUNT EXCEEDING THE LESSER OF:

19 1. THE AMOUNT PAID TO THE PROVIDER FOR THE SERVICES
20 RENDERED; OR

21 2. THE AMOUNT AWARDED UNDER THE WORKERS'
22 COMPENSATION CLAIM.

23 (III) THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
24 MAINTENANCE ORGANIZATION MAY NOT SEEK REIMBURSEMENT FROM ITS MEMBER
25 FOR INTEREST IT MAY HAVE PAID OR IS OBLIGATED TO PAY UNDER SUBSECTION (G)
26 OF THIS SECTION.

27 [(f)] (G) (1) If an insurer, nonprofit health service plan, or health
28 maintenance organization fails to comply with subsection (c) of this section, the
29 insurer, nonprofit health service plan, or health maintenance organization shall pay
30 interest on the amount of the claim that remains unpaid 30 days after the claim is
31 received at the monthly rate of:

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

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

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

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

1 [(g)] (H) An insurer, nonprofit health service plan, or health maintenance
2 organization that violates a provision of this section is subject to:

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

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

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