

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 551 (Delegate Dembrow)
Economic Matters

Civil Actions - Enforcement of Prompt Payment of Claims

This bill authorizes a health care provider to bring a civil action against a health insurer to collect interest due on a claim that remains unpaid after 30 days without first exhausting the health care provider's administrative remedies. If a provider brings an action under the bill, the provider may not also file a complaint with the Maryland Insurance Commissioner for the same purpose.

Fiscal Summary

State Effect: The bill could be handled with existing resources of the Judiciary and would not materially affect the operations or finances of the Maryland Insurance Administration (MIA).

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Within 30 days after receipt of a claim for reimbursement from a licensed health care provider or hospital, a health insurance carrier must pay the claim or send a notice of receipt and status of the claim containing specified information. If a health insurance carrier fails to pay the claim or send the required notice, the carrier must pay interest on the amount unpaid 30 days after receipt of the claim at the monthly rate of: (1) 1.5% from the thirty-first day through the sixtieth day; (2) 2% from the sixtieth day through the one-hundred and twentieth day; and (3) 2.5% after the one-hundred and

twentieth day. The insurance carrier must pay any undisputed part of the claim within 30 days from the receipt of the claim.

Violating carriers are subject to a fine of up to \$500 for each violation. If the violation is committed with a frequency that indicates a general business practice, the Insurance Commissioner may suspend or revoke a certificate of authority, impose a penalty from \$100 to \$125,000, and require the carrier to make restitution to a person who has suffered financial injury.

Additional Information

Prior Introductions: None.

Cross File: SB 343 (Senator Baker) – Judicial Proceedings.

Information Source(s): Judiciary (Administrative Office of the Courts), Maryland Health Care Commission, Maryland Insurance Administration, Department of Legislative Services

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