

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 663

(Senator Exum)

Finance

Workers' Compensation - Payment to a Health Care Practitioner - Claims

This bill requires an employer or its insurer, for services rendered by a health care practitioner to a covered employee, to accept a uniform claims form and any approved attachments as a properly filed claim with all necessary documentation and the sole instrument for reimbursement. An employer or insurer may not require a provider to file an additional claim for interest on payment that is past due.

Fiscal Summary

State Effect: The net impact to State finances cannot be reliably estimated at this time. To the extent that proper claims are denied or noncompensable claims are paid, State workers' compensation expenditures could be affected.

Local Effect: The net impact to local government finances cannot be reliably estimated at this time. To the extent that proper claims are denied or noncompensable claims are paid, local government workers' compensation expenditures could be affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: For health care services rendered to a covered employee, the employer or its insurer must accept a uniform claims form and attachments, as approved by the Insurance Commissioner, as a properly filed claim with all necessary information and as the sole instrument for reimbursement.

As a condition of reimbursement, the employer or its insurer may not modify the form or its content, or require additional forms, and must comply with applicable regulations relating to the definition of a clean claim. An employer or insurer who delegates claims processing to a third party must include in a delegation agreement that: (1) the claims processing entity must comply with applicable laws and regulations relating to uniform claims forms and clean claims; and (2) the agreement may not be construed to limit the responsibility of the employer or its insurer to comply with same.

The employer or its insurer must pay any interest due to the provider of the treatment or service without requiring the provider to submit an additional claim form for interest.

Current Law: For compensable conditions, an employer or its insurer must provide medical treatment specified for an accidental personal injury, compensable hernia, or occupational disease. If the Workers' Compensation Commission finds that an employer or its insurer has failed, without good cause, to pay for specified treatment or services rendered within 45 days of the commission approving the fee or charge, the commission may impose a fine not exceeding 20% of the approved amount, and the employer or its insurer must pay interest to the provider as specified in addition to the approved amount.

As directed in statute, the Maryland Insurance Administration has approved a number of forms and reference codes in regulation to guide the uniform transfer of health services and treatment information between parties. The federal Health Care Financing Administration (HCFA) Form 1500 is the designated form for health care practitioners to use when filing claims for professional services with third-party payors. However, there is no restriction that would limit the use of any particular form in determining the appropriate payor for medical treatment or services.

State Fiscal Effect: The Injured Workers' Insurance Fund (IWIF) advises that if the HCFA Form 1500 is made the exclusive vehicle for payment of bills, then the possibility arises that claims may be paid that should be paid by other policies. Alternatively, IWIF may be compelled to deny payments because of the inability to determine whether the medical treatment is connected to the compensable condition. Information from the HCFA 1500 alone will not necessarily connect the medical treatment or service to a compensable injury.

While a precise impact cannot be determined, IWIF reports that it receives approximately 20,000 claims annually, including claims against the State, all of which require evidence that the medical treatment or service is connected to a compensable injury. Inability to determine claim disposition could have a significant impact to the State and its employees to the extent that proper claims are denied or noncompensable claims are paid.

Small Business Effect: Assuming there would be difficulty in assessing rightful payment of a majority of claims with a single form, there could be a significant impact on small businesses and their employees to the extent that proper claims are denied or noncompensable claims are paid.

Additional Information

Prior Introductions: None.

Cross File: HB 913 (Delegates McHale and Minnick) – Economic Matters.

Information Source(s): National Council on Compensation Insurance, Uninsured Employers' Fund, Workers' Compensation Commission, Injured Workers' Insurance Fund, Subsequent Injury Fund, Department of Legislative Services

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