

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

House Bill 1177

(Delegate Rosenberg)

Economic Matters

Managed Care Organizations - Claim Payments and Late Fines

This bill provides that a Medicaid managed care organization (MCO) is subject to “clean claim” and prompt payment requirements under the Maryland Insurance Article.

Fiscal Summary

State Effect: The civil penalty provisions of this bill are not expected to significantly affect State finances or operations.

Local Effect: None.

Small Business Effect: Minimal. To the extent that small business health care providers are paid by Medicaid MCOs on a prompt basis, administrative costs could decrease.

Analysis

Bill Summary: An MCO must pay a clean claim within 30 days after receipt or send a notice of receipt and status of the claim to the health care provider that states: (1) the MCO refuses to reimburse all or part of the claim and the reason for the refusal; (2) the legitimacy of the claim is in dispute and additional information is necessary to determine if all or part of the claim will be reimbursed; or (3) the claim is not clean and the specific additional information necessary for the claim to be considered a clean claim. If proper notice was given to the health care provider, the MCO must pay any undisputed portion of the claim within 45 days of receipt of the claim.

If an MCO fails to comply with these provisions, the MCO must pay interest on the amount of the claim that remains unpaid for 45 days after the claim is received at specified monthly interest rates. An MCO that violates clean claims requirements is subject to a fine not exceeding \$500 for each violation and a fine equal to the amount of the clean claim due for each violation. If the violations occur with a frequency that indicates a general business practice, an MCO is subject to a fine of up to \$125,000.

Current Law: Clean claim and prompt payment provisions apply to health insurers, nonprofit health service plans, and HMOs (carriers). MCOs are not subject to similar requirements. A “clean claim” is a claim submitted on the uniform claims form, containing the required data elements and any attachments required by the carrier. A carrier must make prompt payment on clean claims submitted by health care providers.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid), Maryland Insurance Administration, Department of Legislative Services

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