

ENROLLED BILL

-- Health and Government Operations/Finance --

Introduced by ~~Delegate Bromwell~~ Delegates Bromwell, Benson, Boutin, Costa, Donoghue, Elliott, Frank, Goldwater, Hammen, Hubbard, Hurson, Kullen, Mandel, McDonough, Morhaim, Murray, Nathan-Pulliam, Oaks, Pendergrass, Rudolph, V. Turner, and Weldon

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.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance - Payment of Claims for Reimbursement - Erroneous**
3 **Denial of Provider's Claim**

4 FOR the purpose of requiring certain insurers, nonprofit health service plans, and
5 health maintenance organizations to ~~automatically~~ reprocess certain claims for
6 reimbursement submitted by certain health care providers under certain
7 circumstances; providing for the application of this Act; and generally relating to
8 payment of providers' claims for reimbursement by health insurance carriers.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 15-1005
12 Annotated Code of Maryland
13 (2002 Replacement Volume and 2004 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) mail or otherwise transmit payment for the claim in accordance with
16 this section; or

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

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

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

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

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

30 (2) If an insurer, nonprofit health service plan, or health maintenance
31 organization wholly or partially denies a claim for reimbursement, the insurer,
32 nonprofit health service plan, or health maintenance organization shall permit a
33 provider a minimum of 90 working days after the date of denial of the claim to appeal
34 the denial.

35 (3) IF AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
36 MAINTENANCE ORGANIZATION ERRONEOUSLY DENIES A PROVIDER'S CLAIM FOR
37 REIMBURSEMENT SUBMITTED WITHIN THE TIME PERIOD SPECIFIED IN PARAGRAPH

1 (1) OF THIS SUBSECTION BECAUSE OF A CLAIMS PROCESSING ERROR, AND THE
2 PROVIDER NOTIFIES THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
3 MAINTENANCE ORGANIZATION OF THE POTENTIAL ERROR WITHIN 1 YEAR OF THE
4 CLAIM DENIAL, THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
5 MAINTENANCE ORGANIZATION, ON DISCOVERY OF THE ERROR, SHALL REPROCESS
6 THE PROVIDER'S CLAIM ~~AUTOMATICALLY~~, WITHOUT THE NECESSITY FOR THE
7 PROVIDER TO RESUBMIT THE CLAIM, AND WITHOUT REGARD TO TIMELY
8 SUBMISSION DEADLINES.

9 (e) (1) If an insurer, nonprofit health service plan, or health maintenance
10 organization provides notice under subsection (c)(2)(i) of this section, the insurer,
11 nonprofit health service plan, or health maintenance organization shall mail or
12 otherwise transmit payment for any undisputed portion of the claim within 30 days of
13 receipt of the claim, in accordance with this section.

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

17 (i) mail or otherwise transmit payment for any undisputed portion
18 of the claim in accordance with this section; and

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

21 (3) If an insurer, nonprofit health service plan, or health maintenance
22 organization provides notice under subsection (c)(2)(iii) of this section, the insurer,
23 nonprofit health service plan, or health maintenance organization shall comply with
24 subsection (c)(1) or (2)(i) of this section within 30 days after receipt of the requested
25 additional information.

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

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

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

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

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

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

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

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

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
6 construed prospectively to apply only to claims for reimbursement submitted on or
7 after the effective date of this Act.

8 ~~SECTION 3.~~ SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
9 effect October 1, 2005.