

Department of Legislative Services  
Maryland General Assembly  
2005 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 1597

(Delegate Bromwell, *et al.*)

Health and Government Operations

Finance

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

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This bill specifies that if a health insurer, nonprofit health service plan, or HMO (carrier) erroneously denies a health care provider's timely-filed claim for reimbursement because of a claims processing error where the provider notified the carrier of the error within one year of the claim denial, the carrier must reprocess the provider's claim upon discovery, without requiring the provider to resubmit the claim, and without regard to timely submission deadlines.

The bill applies prospectively to claims submitted for reimbursement on or after the bill's effective date.

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Fiscal Summary

**State Effect:** Any additional fines imposed on carriers are assumed to be minimal.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** In general, within 30 days of receipt of a request for reimbursement, a carrier must mail or otherwise transmit payment for a claim for reimbursement for services provided or send a notice of receipt and status of the claim. A health care provider is required to submit claims for reimbursement in a specified manner, and a

carrier must reimburse eligible claims within specified timeframes. Failure to do so subjects a carrier to a fine of up to \$500 for each violation that is arbitrary and capricious, and a fine up to \$125,000 if committed with a frequency that indicates a general business practice.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 21, 2005  
ncs/jr Revised - House Third Reader - March 29, 2005  
Revised - Enrolled Bill - April 20, 2005

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