
By: **Delegate Feldman**

Introduced and read first time: January 26, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurers and Health Maintenance Organizations - Prompt Payment -**
3 **Workers' Compensation Claims**

4 FOR the purpose of requiring an insurer, nonprofit health service plan, or health
5 maintenance organization to comply with prompt payment requirements,
6 notwithstanding the fact that compensability under the workers' compensation
7 law remains to be determined for the injury or medical condition treated;
8 authorizing an insurer, nonprofit health service plan, or health maintenance
9 organization to seek reimbursement from a member, after workers'
10 compensation is determined to be payable, for payments made; limiting the
11 amount of reimbursement which an insurer, nonprofit health service plan, or
12 health maintenance organization may seek from a member; prohibiting the
13 insurer, nonprofit health service plan, or health maintenance organization from
14 seeking reimbursement from a member for certain interest payments made; and
15 generally relating to the prompt payment of claims by an insurer, nonprofit
16 health service plan, or health maintenance organization when the
17 determination of compensability under the workers' compensation law remain to
18 be determined.

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 15-1005
22 Annotated Code of Maryland
23 (2002 Replacement Volume and 2005 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

26 **Article - Insurance**

27 15-1005.

28 (a) In this section, "clean claim" means a claim for reimbursement, as defined
29 in regulations adopted by the Commissioner under § 15-1003 of this subtitle.

1 (b) To the extent consistent with the Employee Retirement Income Security
2 Act of 1974 (ERISA), 29 U.S.C. 1001, et seq., this section applies to an insurer,
3 nonprofit health service plan, or health maintenance organization that acts as a third
4 party administrator.

5 (c) Within 30 days after receipt of a claim for reimbursement from a person
6 entitled to reimbursement under § 15-701(a) of this title or from a hospital or related
7 institution, as those terms are defined in § 19-301 of the Health - General Article, an
8 insurer, nonprofit health service plan, or health maintenance organization shall:

9 (1) mail or otherwise transmit payment for the claim in accordance with
10 this section; or

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

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

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

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

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

24 (2) If an insurer, nonprofit health service plan, or health maintenance
25 organization wholly or partially denies a claim for reimbursement, the insurer,
26 nonprofit health service plan, or health maintenance organization shall permit a
27 provider a minimum of 90 working days after the date of denial of the claim to appeal
28 the denial.

29 (3) If an insurer, nonprofit health service plan, or health maintenance
30 organization erroneously denies a provider's claim for reimbursement submitted
31 within the time period specified in paragraph (1) of this subsection because of a
32 claims processing error, and the provider notifies the insurer, nonprofit health service
33 plan, or health maintenance organization of the potential error within 1 year of the
34 claim denial, the insurer, nonprofit health service plan, or health maintenance
35 organization, on discovery of the error, shall reprocess the provider's claim without
36 the necessity for the provider to resubmit the claim, and without regard to timely
37 submission deadlines.

38 (e) (1) If an insurer, nonprofit health service plan, or health maintenance
39 organization provides notice under subsection (c)(2)(i) of this section, the insurer,
40 nonprofit health service plan, or health maintenance organization shall mail or

1 otherwise transmit payment for any undisputed portion of the claim within 30 days of
2 receipt of the claim, in accordance with this section.

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

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

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

10 (3) If an insurer, nonprofit health service plan, or health maintenance
11 organization provides notice under subsection (c)(2)(iii) of this section, the insurer,
12 nonprofit health service plan, or health maintenance organization shall comply with
13 subsection (c)(1) or (2)(i) of this section within 30 days after receipt of the requested
14 additional information.

15 (F) (1) AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
16 MAINTENANCE ORGANIZATION:

17 (II) SHALL COMPLY WITH THE PROVISIONS OF THIS SECTION FOR
18 SERVICES RENDERED TO ITS MEMBERS BY A PROVIDER FOR AN INJURY OR OTHER
19 MEDICAL CONDITION THAT IS OR MAY BE COVERED UNDER A WORKERS'
20 COMPENSATION CLAIM; AND

21 (II) MAY NOT DELAY PAYMENT ON THE CLAIM WHILE THE ISSUE OF
22 THE COMPENSABILITY OF THE WORKERS' COMPENSATION IS BEING DETERMINED.

23 (2) (I) IF THE INJURY OR OTHER MEDICAL CONDITION IS
24 SUBSEQUENTLY DETERMINED TO BE COMPENSABLE, AN INSURER, NONPROFIT
25 HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION THAT MAKES
26 PAYMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY SEEK REIMBURSEMENT
27 FROM THE MEMBER FOR WHOM PAYMENT WAS MADE.

28 (II) THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
29 MAINTENANCE ORGANIZATION MAY NOT SEEK REIMBURSEMENT FROM ITS MEMBER
30 FOR AN AMOUNT EXCEEDING THE LESSER OF:

31 1. THE AMOUNT PAID TO THE PROVIDER FOR THE SERVICES
32 RENDERED; OR

33 2. THE AMOUNT OF THE MEDICAL FEES PAID UNDER THE
34 WORKERS' COMPENSATION CLAIM.

35 (III) THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
36 MAINTENANCE ORGANIZATION MAY NOT SEEK REIMBURSEMENT FROM ITS MEMBER
37 FOR INTEREST IT MAY HAVE PAID OR IS OBLIGATED TO PAY UNDER SUBSECTION (G)
38 OF THIS SECTION.

1 [(f)] (G) (1) If an insurer, nonprofit health service plan, or health
2 maintenance organization fails to comply with subsection (c) of this section, the
3 insurer, nonprofit health service plan, or health maintenance organization shall pay
4 interest on the amount of the claim that remains unpaid 30 days after the claim is
5 received at the monthly rate of:

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

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

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

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

12 [(g)] (H) An insurer, nonprofit health service plan, or health maintenance
13 organization that violates a provision of this section is subject to:

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

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

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2006.