
By: **Senator Exum**

Introduced and read first time: February 3, 2006

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance - Prompt Payment of Claims by Carriers - Clean Claims**

3 FOR the purpose of altering the definition of a "clean claim" to include a claim for the
4 treatment of certain work-related injuries for purposes of certain provisions of
5 law that require the prompt payment of claims by an insurer, a nonprofit health
6 service plan, or a health maintenance organization; and generally relating to the
7 prompt payment of claims by insurers, nonprofit health service plans, or health
8 maintenance organizations.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 15-1005
12 Annotated Code of Maryland
13 (2002 Replacement Volume and 2005 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article - Labor and Employment
16 Section 9-101(b) and (g)
17 Annotated Code of Maryland
18 (1999 Replacement Volume and 2005 Supplement)

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

21 **Article - Insurance**

22 15-1005.

23 (a) In this section, "clean claim":

24 (1) means a claim for reimbursement, as defined in regulations adopted
25 by the Commissioner under § 15-1003 of this subtitle; AND

1 (2) INCLUDES A CLAIM FOR THE TREATMENT OF AN ACCIDENTAL
2 PERSONAL INJURY AS DEFINED IN § 9-101 OF THE LABOR AND EMPLOYMENT
3 ARTICLE.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Article - Labor and Employment

2 9-101.

3 (b) "Accidental personal injury" means:

4 (1) an accidental injury that arises out of and in the course of
5 employment;6 (2) an injury caused by a willful or negligent act of a third person
7 directed against a covered employee in the course of the employment of the covered
8 employee; or9 (3) a disease or infection that naturally results from an accidental injury
10 that arises out of and in the course of employment, including:

11 (i) an occupational disease; and

12 (ii) frostbite or sunstroke caused by a weather condition.

13 (g) "Occupational disease" means a disease contracted by a covered employee:

14 (1) as the result of and in the course of employment; and

15 (2) that causes the covered employee to become temporarily or
16 permanently, partially or totally incapacitated.17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 October 1, 2006.