

SENATE BILL 538

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71r2057
CF 71r2166

By: **Senator Klausmeier**

Introduced and read first time: February 2, 2007

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance – Clean Claims**

3 FOR the purpose of requiring insurers, nonprofit health service plans, and health
4 maintenance organizations to mail or transmit in a certain manner payment for
5 certain claims for reimbursement, or to send certain notice of receipt and status
6 of the claim, to the person that filed the claim; and generally relating to clean
7 claims for reimbursement under health insurance.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 15–1005
11 Annotated Code of Maryland
12 (2006 Replacement Volume and 2006 Supplement)

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

15 **Article – Insurance**

16 15–1005.

17 (a) In this section, “clean claim” means a claim for reimbursement, as
18 defined in regulations adopted by the Commissioner under § 15–1003 of this subtitle.

19 (b) To the extent consistent with the Employee Retirement Income Security
20 Act of 1974 (ERISA), 29 U.S.C. 1001, et seq., this section applies to an insurer,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 nonprofit health service plan, or health maintenance organization that acts as a third
2 party administrator.

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

7 (1) mail or otherwise transmit payment for the claim **TO THE PERSON**
8 **THAT FILED THE CLAIM** in accordance with this section; or

9 (2) send a notice of receipt and status of the claim **TO THE PERSON**
10 **THAT FILED THE CLAIM** that states:

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

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

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

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

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

28 (3) If an insurer, nonprofit health service plan, or health maintenance
29 organization erroneously denies a provider's claim for reimbursement submitted
30 within the time period specified in paragraph (1) of this subsection because of a claims
31 processing error, and the provider notifies the insurer, nonprofit health service plan,
32 or health maintenance organization of the potential error within 1 year of the claim
33 denial, the insurer, nonprofit health service plan, or health maintenance organization,

1 on discovery of the error, shall reprocess the provider's claim without the necessity for
2 the provider to resubmit the claim, and without regard to timely submission deadlines.

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

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

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

13 (ii) comply with subsection (c)(1) or (2)(i) of this section within
14 30 days after receipt of the requested additional information.

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

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

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

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

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

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

31 (g) An insurer, nonprofit health service plan, or health maintenance
32 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
4 violations committed with a frequency that indicates a general business practice.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 October 1, 2007.