Department of Legislative Services

Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 660 (Delegate Zucker, *et al.*)
Health and Government Operations Finance

Health Insurance - Expense Reimbursement Claims Forms - Methods for Submission

This bill requires insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) to permit an insured, subscriber, or member seeking reimbursement for expenses to submit a claim for reimbursement by first-class mail and, at the election of the carrier, by fax *or* through a secure website.

A carrier must comply with the bill on the earlier of the date that the carrier's claims processing system is capable of compliance or October 1, 2017.

Fiscal Summary

State Effect: The bill does not directly affect governmental finances or operations.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Expenses must be incurred by the insured, subscriber, or member in connection with a covered service provided in the United States.

A carrier must annually provide (1) a notice that a claims form may be submitted by first-class mail and, at the election of the carrier, by fax *or* through a secure website and (2) instructions on how to submit a claim by fax or through a secure website.

The bill does not apply to claims for reimbursement under Medicare supplemental policies or contracts or for pharmaceutical or vision services.

Current Law: With respect to claims for providers, a carrier must accept the uniform claims form and any attachments approved or adopted by the Insurance Commissioner as a properly filed claim with all necessary documentation and as the sole instrument for reimbursement for services rendered by a person entitled to reimbursement under an individual or group health insurance policy, contract, or certificate issued or delivered in the State or by a hospital. A carrier may not impose, as a condition of reimbursement, a requirement to modify the uniform claims form or its content or submit additional claims forms. A uniform claims form must be completed properly and may be submitted by electronic transfer.

If the legitimacy or appropriateness of a health care service is disputed, a carrier may request additional medical information that describes and summarizes the diagnosis, treatment, and services rendered to the insured.

A carrier must provide and update, as appropriate, all contracting providers and any other provider on request, with a manual or other document that sets forth the claims filing procedures, including the address where the claims should be sent for processing; the telephone number at which providers' questions and concerns may be addressed; the name, address, and telephone number of any entity to which the carrier has delegated claims payment; and the address and telephone number of any separate claims processing center for specific types of applicable services.

If a carrier delegates its claims processing function, the delegation agreement must require the claims processing entity to comply with specified requirements and may not be construed to limit the responsibility of the carrier to comply with such requirements.

If necessary to determine eligibility for benefits or to determine coverage, a carrier may obtain additional information from its insured, member, or subscriber, the employer of the insured, member or subscriber, or any other nonprovider third party. If obtaining additional information results in a delay in paying a claim, the carrier must pay interest on the claim.

The Insurance Commissioner may impose a penalty of up to $5,000 on a carrier that violates uniform claims provisions.

Background: An insured, subscriber, or member may incur expenses associated with a covered service that are paid out of pocket (at the point of service) and then reimbursed, either in part or in whole, by the carrier. These expenses are most common for services rendered by an out-of-network (OON) provider. The process for submitting a claim for reimbursement for such expenses is a matter of each carrier's internal policy.

Claims typically are not accepted electronically as they are for providers. An insured, subscriber, or member that requires frequent services from an OON provider may incur significant upfront expenses. Slow or delayed reimbursement may place financial stress on these consumers.

Additional Comments: Related legislation, House Bill 1130/Senate Bill 1002 of 2014, would have authorized an insured, a member, or a subscriber to submit a uniform claims form by electronic transfer for reimbursement for covered services paid for out of pocket. Carriers would have been required to comply with the bill on the earlier of the date that the carrier's claims processing system became capable of compliance or October 1, 2016. The bills were heard by the House Health and Government Operations Committee and Senate Finance Committee, respectively, but were later withdrawn.

Additional Information

Prior Introductions: None.

Cross File: SB 450 (Senator Guzzone) - Finance.

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

Fiscal Note History:	First Reader - February 24, 2015
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