Department of Legislative Services

Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 887 (Senator Middleton, *et al.*)

Finance Health and Government Operations

Health Insurance - Consumer Health Claim Filing Fairness Act

This bill requires an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) to include provisions in a health insurance policy that (1) permit enrollees a minimum of one year after the date of service to submit a claim for the service; (2) provide that an enrollee's legal incapacity must suspend the time to submit a claim and the suspension period ends when legal capacity is regained; and (3) provide that the failure to submit a claim within one year does not invalidate or reduce the claim if it was not reasonably possible to submit the claim within one year after the date of service and the claim is submitted within two years after the date of service. The bill also creates an exception to the current proof of loss provision requirement.

The bill takes effect January 1, 2017, and applies to all health benefit plans issued, delivered, or renewed in the State on or after that date.

Fiscal Summary

State Effect: Minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) in FY 2017 from the $125 rate and form filing fee. Review of fillings can likely be handled with existing MIA resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Except when waived by the Insurance Commissioner, an insurance or annuity contract must contain specified standard provisions. A policy or contract may not contain a provision that is inconsistent with a standard provision used or required to be used. Each policy of health insurance must contain a specified proof of loss provision. Written proof of loss must be provided to an insurer within 90 days, unless it was not reasonably possible to give proof within such time. In this instance, written proof must be provided, except in the absence of legal capacity, within one year from when the time of proof is otherwise required.

Background: A consumer using an out-of-network provider may either pay up front for services or be billed by the provider and generally must submit a claim for reimbursement to the carrier within 90 days of the date of service. The Office of the Attorney General's Heath Education and Advocacy Unit (HEAU) indicates that the bill is intended to extend the filing period for consumer claims for out-of-network care from 90 days to one year and maintain the current one-year grace period in order to provide consumers with sufficient time to file claims. HEAU notes that this 90-day filing period may not be sufficient for consumers to submit claims if they are recovering from an illness or treatment or if they have not yet received the provider's bill. MIA further advises that this bill will assist individuals with high-deductible health benefit plans under which consumers may save claims throughout the year to see if their deductibles are satisfied before filing a claim.

Additional Information

Prior Introductions: None.

Cross File: HB 1150 (Delegate McMillan, *et al.*) - Health and Government Operations.

Information Source(s): Office of the Attorney General (Health Advocacy and Education Unit), Maryland Health Benefit Exchange, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2016
min/ljm Revised - Senate Third Reader - March 29, 2016

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510