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Subcommittees

Government Operations
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Public Health and
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House Bill 729
Health Insurance - Payment of Clean Claims - Time Limit

Chairman Pendergrass, Vice Chair Peña-Melnyk and Health and Government Operations Committee Members,

HB 729 would reduce from 30 days to 72 hours the amount of time allowed between receipt of an electronically submitted “clean” claim by third party payor and the issuing of the remittance to the care provider or claimant. If payment is not remitted within that time, interest begins to accumulate, serving as an incentive for timely processing and payment of claims. The 30-day time frame was established about 20 years ago and there has been significant improvements in claim processing procedures since. While there are any number of ways in which a claim for medical service differs from a retail electronic purchase transaction, it is not unreasonable to expect that if a retail credit or debit charge is generally paid in 24 – 48 hours, an uncomplicated medical claim should be able to be paid within days and not weeks.

The vast majority of clean claims are paid within the 30-day window, and perhaps as many as 40% of all claims are paid within 7 days. I do not know what the percentage of those are clean claims, but it is reasonable to presume most are. It is unclear what factors contribute to delaying payment beyond a few days, but the net effect is that the service provider’s cash flow is restricted while the payor has opportunity to profit on the float.

Defined by COMAR 31.10.11, “ a Clean Claim is a health care claim submitted by a health care provider and received by a Payor that contains all of the essential data elements of the Uniform Claims Form and meets the uniform standards of required attachments to the Uniform Claims Form.” For the purposes of this legislation, a “clean” claim is one that can be processed without obtaining additional information from the service provider or from a third party and excludes claims under review for medical necessity, from a provider under fraud or abuse investigation, or that has been submitted on paper rather than electronically. If counsel suggest a clarifying amendment to that effect is needed, it can be readily drafted.

Claims which need 30 days or more to investigate, insure veracity, gather supportive documentation or have complex processing concerns would not be affected by this legislation as they would either not be clean claims or electronically submitted claims. However as, by definition, clean claims are perfunctorily processed, it should be expected for payment to be remitted in near real-time, or at least in much less than 30 days.

Physicians and other health care providers have practice costs for which predictable and timely reimbursement for services provided are important, just as they are for people engaged in any business. A system doesn't have to be broken to warrant improvement. We can do better than this, so I respectfully request a favorable report on HB 729.

Sincerely,

A handwritten signature in black ink, appearing to read 'Terri L. Hill, M.D.', with a stylized flourish at the end.

Terri L. Hill, M.D.