

# SENATE BILL 680

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By: **Senator Klausmeier**

Introduced and read first time: February 1, 2013

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurance Carriers – Prompt Payment of Claims – Workers’**  
3 **Compensation Claims**

4 FOR the purpose of requiring an insurer, a nonprofit health service plan, or a health  
5 maintenance organization to comply with certain prompt payment  
6 requirements, notwithstanding that the determination of compensability under  
7 a workers’ compensation claim is pending; authorizing an insurer, a nonprofit  
8 health service plan, or a health maintenance organization to seek  
9 reimbursement for certain payments, after a workers’ compensation claim is  
10 determined to be compensable, from a member, member’s employer, or certain  
11 workers’ compensation insurer; limiting the amount of reimbursement an  
12 insurer, a nonprofit health service plan, or a health maintenance organization  
13 may seek under certain circumstances; prohibiting an insurer, a nonprofit  
14 health service plan, or a health maintenance organization from seeking  
15 reimbursement from a member for certain interest payments; requiring a  
16 member to notify, for a certain purpose, an insurer, a nonprofit health service  
17 plan, or a health maintenance organization of the filing of a workers’  
18 compensation claim within a certain period of time after the claim is filed;  
19 requiring a member to notify, for a certain purpose, a certain employer or  
20 certain workers’ compensation insurer of certain payments made to a provider;  
21 requiring a member, member’s employer, or certain workers’ compensation  
22 insurer to make payment of certain required reimbursement within a certain  
23 period of time; and generally relating to prompt payment of claims by insurers,  
24 nonprofit health service plans, and health maintenance organizations and  
25 workers’ compensation claims.

26 BY repealing and reenacting, with amendments,  
27 Article – Insurance  
28 Section 15–1005  
29 Annotated Code of Maryland  
30 (2011 Replacement Volume and 2012 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 15–1005.

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

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

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

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

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

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

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

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

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

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

1           (3) If an insurer, nonprofit health service plan, or health maintenance  
2 organization erroneously denies a provider's claim for reimbursement submitted  
3 within the time period specified in paragraph (1) of this subsection because of a claims  
4 processing error, and the provider notifies the insurer, nonprofit health service plan,  
5 or health maintenance organization of the potential error within 1 year of the claim  
6 denial, the insurer, nonprofit health service plan, or health maintenance organization,  
7 on discovery of the error, shall reprocess the provider's claim without the necessity for  
8 the provider to resubmit the claim, and without regard to timely submission deadlines.

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

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

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

19                   (ii) comply with subsection (c)(1) or (2)(i) of this section within  
20 30 days after receipt of the requested additional information.

21           (3) If an insurer, nonprofit health service plan, or health maintenance  
22 organization provides notice under subsection (c)(2)(iii) of this section, the insurer,  
23 nonprofit health service plan, or health maintenance organization shall comply with  
24 subsection (c)(1) or (2)(i) of this section within 30 days after receipt of the requested  
25 additional information.

26           **(F) (1) AN INSURER, A NONPROFIT HEALTH SERVICE PLAN, OR A**  
27 **HEALTH MAINTENANCE ORGANIZATION:**

28                   **(I) SHALL COMPLY WITH THE PROVISIONS OF THIS**  
29 **SECTION FOR SERVICES RENDERED TO THE MEMBERS BY A PROVIDER FOR AN**  
30 **INJURY OR OTHER MEDICAL CONDITION THAT IS OR MAY BE COVERED UNDER A**  
31 **WORKERS' COMPENSATION CLAIM; AND**

32                   **(II) MAY NOT DELAY PAYMENT ON THE CLAIM WHILE THE**  
33 **ISSUE OF THE COMPENSABILITY OF THE WORKERS' COMPENSATION CLAIM OR**  
34 **RELATED MEDICAL SERVICES IS BEING DETERMINED.**

35                   **(2) (I) IF THE INJURY OR OTHER MEDICAL CONDITION IS**  
36 **SUBSEQUENTLY DETERMINED TO BE COMPENSABLE, AN INSURER, A NONPROFIT**

1 HEALTH SERVICE PLAN, OR A HEALTH MAINTENANCE ORGANIZATION THAT  
2 MAKES PAYMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY SEEK  
3 REIMBURSEMENT FROM:

4 1. THE MEMBER FOR WHOM PAYMENT IS MADE;

5 2. THE MEMBER'S EMPLOYER; OR

6 3. THE WORKERS' COMPENSATION INSURER DEEMED  
7 RESPONSIBLE FOR THE PAYMENT UNDER THE MARYLAND WORKERS'  
8 COMPENSATION ACT.

9 (II) THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR  
10 HEALTH MAINTENANCE ORGANIZATION MAY NOT SEEK REIMBURSEMENT FOR  
11 AN AMOUNT EXCEEDING THE LESSER OF:

12 1. THE AMOUNT PAID TO THE PROVIDER FOR THE  
13 SERVICES RENDERED; OR

14 2. THE AMOUNT OF THE MEDICAL FEES PAID UNDER  
15 THE WORKERS' COMPENSATION CLAIM.

16 (III) THE INSURER, NONPROFIT HEALTH SERVICE PLAN, OR  
17 HEALTH MAINTENANCE ORGANIZATION MAY NOT SEEK REIMBURSEMENT FROM  
18 ITS MEMBER FOR INTEREST THE INSURER, NONPROFIT HEALTH SERVICE PLAN,  
19 OR HEALTH MAINTENANCE ORGANIZATION PAID OR IS OBLIGATED TO PAY  
20 UNDER SUBSECTION (G) OF THIS SECTION.

21 (IV) TO FACILITATE PROMPT REIMBURSEMENT OF AN  
22 INSURER, A NONPROFIT HEALTH SERVICE PLAN, OR A HEALTH MAINTENANCE  
23 ORGANIZATION, THE MEMBER SHALL NOTIFY:

24 1. THE INSURER, NONPROFIT HEALTH SERVICE  
25 PLAN, OR HEALTH MAINTENANCE ORGANIZATION OF THE FILING OF A  
26 WORKERS' COMPENSATION CLAIM WITHIN 15 DAYS AFTER THE CLAIM IS FILED;  
27 AND

28 2. THE RESPONSIBLE EMPLOYER OR WORKERS'  
29 COMPENSATION INSURER OF ALL PAYMENTS MADE TO A PROVIDER UNDER THIS  
30 SECTION.

31 (V) THE MEMBER, MEMBER'S EMPLOYER, OR WORKERS'  
32 COMPENSATION INSURER SHALL MAKE PAYMENT OF ANY REIMBURSEMENT

1 **REQUIRED UNDER THIS SUBSECTION WITHIN 21 DAYS AFTER THE ISSUANCE OF**  
2 **A FINAL ORDER BY THE WORKERS' COMPENSATION COMMISSION**  
3 **DETERMINING RESPONSIBILITY FOR PAYMENT OF MEDICAL COSTS.**

4 **[(f)] (G)** (1) If an insurer, nonprofit health service plan, or health  
5 maintenance organization fails to pay a clean claim for reimbursement or otherwise  
6 violates any provision of this section, the insurer, nonprofit health service plan, or  
7 health maintenance organization shall pay interest on the amount of the claim that  
8 remains unpaid 30 days after receipt of the initial clean claim for reimbursement at  
9 the monthly rate of:

- 10 (i) 1.5% from the 31st day through the 60th day;
- 11 (ii) 2% from the 61st day through the 120th day; and
- 12 (iii) 2.5% after the 120th day.

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

16 **[(g)] (H)** An insurer, nonprofit health service plan, or health maintenance  
17 organization that violates a provision of this section is subject to:

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

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

22 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
23 **October 1, 2013.**