

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 680
Finance

(Senator Klausmeier)

Health Insurance Carriers - Prompt Payment of Claims - Workers' Compensation Claims

This bill requires insurers, nonprofit health service plans, and health maintenance organizations (collectively known as carriers) to comply with requirements relating to prompt payment of provider claims for services rendered to a member by a provider for an injury or other medical condition that is or may be covered under a workers' compensation claim. A member must notify a carrier of the filing of a workers' compensation claim within 15 days after the claim is filed and notify the responsible employer or workers' compensation insurer of all payments made to a provider. A member, member's employer, or workers' compensation insurer must make payment of any reimbursement required under the bill within 21 days after the issuance of a final order by the Workers' Compensation Commission (WCC) determining responsibility for payment of medical costs.

Fiscal Summary

State Effect: Potential minimal increase in special fund revenues for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee. Any additional workload for MIA can be handled within existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential meaningful. Small business health care providers may receive more prompt payment of claims for services rendered that may be covered under a workers' compensation claim.

Analysis

Bill Summary: A carrier may not delay payment on a claim while the issue of the compensability of the workers' compensation claim or related medical services is being determined. If the injury or medical condition is subsequently determined to be compensable, a carrier that makes prompt payment may seek reimbursement from a member, the member's employer, or the workers' compensation insurer deemed responsible for the payment. The carrier may not seek reimbursement for an amount exceeding the lesser of the amount paid to the provider or the amount of the medical fees paid under the workers' compensation claim. The carrier may not seek reimbursement from a member for interest the carrier paid or is obligated to pay for failure to pay a clean claim promptly.

Current Law: A "clean claim" is a properly submitted claim for reimbursement. A carrier must permit a provider 180 days from the date a covered service is rendered to submit a claim. Within 30 days of receipt, a carrier must pay the claim or send a notice of receipt with the status of the claim. If a carrier denies a claim, it must permit a provider at least 90 working days to appeal. If a carrier erroneously denies a claim and the provider notifies the carrier within one year, the carrier must reprocess the claim. If a carrier disputes a portion of a claim, it must provide payment for any undisputed portion within 30 days of receipt of the claim. A carrier that does not pay clean claims must pay interest on the amount of the claim that remains unpaid 30 days after the claim is received. Interest must be paid at a monthly rate of:

- 1.5% from the thirty-first through sixtieth day;
- 2.0% from the sixty-first through one hundred-twentieth day; and
- 2.5% after the one hundred-twentieth day.

A carrier in violation of these requirements is subject to a fine of up to \$500 per violation that is arbitrary and capricious and additional penalties for frequent violations that indicate a general business practice.

Under Maryland law, every employer that has at least one employee who is covered under the State's Workers' Compensation Act is required to secure workers' compensation coverage for its employees. Employers may secure workers' compensation coverage by maintaining insurance with an authorized insurer, participating in a self-insurance group, maintaining, as an individual employer self-insurance status, or maintaining insurance with the Injured Workers' Insurance Fund.

Section 9-660 of the Labor and Employment Article requires that, in addition to the compensation provided, if a covered employee has suffered an accidental personal injury,

compensable hernia, or occupational disease, the employer or its insurer must promptly provide to the covered employee, as WCC may require, medical, surgical, or other attendance or treatment; hospital and nursing services; medicine; crutches and other apparatus; and artificial arms, feet, hands, and legs and other prosthetic appliances. The employer or its insurer must provide the medical services and treatment for the period required by the nature of the accidental personal injury, compensable hernia, or occupational disease.

Additional Information

Prior Introductions: Similar legislation, SB 593/HB 941 of 2001, would have prohibited a carrier from delaying payment for services that may be covered under a worker's compensation claim while the issue of compensability of the worker's compensation claim is being determined and authorized a carrier to seek reimbursement from an enrollee if an enrollee's medical condition is subsequently determined to be compensable. SB 593 received an unfavorable report from the Senate Finance Committee. HB 941 received an unfavorable report from the House Economic Matters Committee.

Cross File: HB 808 (Delegate Jameson) - Health and Government Operations and Economic Matters.

Information Source(s): Maryland Insurance Administration, Injured Workers' Insurance Fund, National Council on Compensation Insurance, Subsequent Injury Fund, Uninsured Employers' Fund, Workers' Compensation Commission, Department of Legislative Services

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