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House Bill 729 – Health Insurance- Payment of Clean Claims- Time Limit

OPPOSE

**House Health and Government Operations Committee
February 13, 2020**

Thank you for the opportunity to submit testimony in opposition to House Bill 729 – Health Insurance- Payment of Clean Claims- Time Limit.

The Maryland Managed Care Organization Association (MMCOA) and our nine member Medicaid MCOs are committed to ensuring that claims submitted for payment are processed as quickly and accurately as possible. House Bill 729 unnecessarily aims to markedly reduce the timeframe in which the payment of claims occurs, and it does so at the risk of an increase spend of State funds.

Maryland's nine MCOs serve over 1.2 million Marylanders through the Medicaid HealthChoice program. One of the core services of the Managed Care Organizations that serve the HealthChoice program involves the execution of payment and utilization review processes to monitor for Fraud, Waste, Abuse, and Medical Necessity. Decreasing the turnaround time to pay these claims would diminish the MCO's ability to validate and verify member eligibility, validate benefits, and perform a thorough claims review. Notwithstanding the increased costs associated with system changes and staffing increases, the inability of MCOs to conduct appropriate validation to address the aforementioned essential claims processing functions will lead to an increased spend of State funds. For example, in the event of an erroneous payment of a claim, due to the restrictions mandated by this legislation, the reclaiming of those funds issued in error is a costly, administratively burdensome proposition. If the goal is to increase efficiency of the program and ensure prompt and accurate payment to providers, then policies- including current law surrounding claims processing times- should be upheld to ensure that the claim is processed correctly the first time.

When working under the constraints of a shortened time frame, it is possible that a denial of payment may become more likely, causing unnecessary administrative work on behalf of the provider as well as the Managed Care Organization, resulting in program inefficiencies and increased cost to the program.

In closing, we believe that House Bill 729 is unnecessary. MCOs are monitored to ensure their compliance with existing prompt pay laws by the Maryland Insurance Administration. In fact, MCOs must submit an accounting of all claims processed to the Maryland Insurance Administration on a bi-annual basis detailing timely claims processing statistics and the interest penalties paid to providers for any clean claim processed beyond 30 days.

The MMCOA is committed to ensuring the accurate and efficient processing of medical claims and we look forward to our continued collaboration with the State as we work to ensure that Medicaid dollars are appropriately spent, while improving access to affordable, high-quality care for all Medicaid participants.

Please contact Jennifer Briemann, Executive Director of MMCOA, with any questions regarding this testimony at jbriemann@marylandmco.org.