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

Distinguished members of the
Health and Government Operations Committee

Throughout the United States we spend more per person on healthcare than any other country in the world, yet we achieve results that rank us 27th or 28th in the world for longevity and infant mortality. The cost of healthcare is continuing to create a disparity in who can afford treatment. Part of the reason for this high cost is that we spend on average 31% of each healthcare dollar on administrative costs, and part of that cost is the cost and time it takes to process and pay claims.

Reducing the time to pay claims will help to cut the cost of providers in following up on billing issues. According to information presented by insurance industry leaders to the Health Record and Payment Integration Program Advisory Committee in 2018, including material presented by Care First's Ken Sullivan, most clean claims, are currently paid promptly, with 97% being paid in 14 days. It was also reported to the committee that "the vast majority of claims are typically processed within 24 hours upon receipt, and that "92% need no manual intervention due to systemic rules."

Hence it appears that the change to requiring that clean claims be paid within 72 hours or 3 days should not be a burden on the insurance industry and that it should help to reduce administrative costs within the healthcare system. Please vote for HB 752 to help reduce the cost of healthcare by making our systems more efficient.

Thank you,

Bruce T. Taylor, M.D.

References:

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Costs of Health Care Administration in the United States and Canada: N Eng J Med 2003;349:768-775

Billing and insurance-related administrative costs in United States' health care: synthesis of micro-costing evidence.

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